

AGENDA
DANIA BEACH CITY COMMISSION
REGULAR MEETING
TUESDAY, AUGUST 27, 2019 - 7:00 PM

ANY PERSON WHO DECIDES TO APPEAL ANY DECISION MADE WITH REGARD TO ANY MATTER CONSIDERED AT THIS MEETING OR HEARING WILL NEED A RECORD OF THE PROCEEDING, AND FOR SUCH PURPOSE MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDING IS MADE WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED.

LOBBYIST REGISTRATION IS REQUIRED. PRIOR TO ENGAGING IN ANY LOBBYING ACTIVITIES, WHETHER OR NOT COMPENSATION IS PAID OR RECEIVED IN CONNECTION WITH THOSE ACTIVITIES, EACH LOBBYIST SHALL FILE WITH THE CITY CLERK AN ANNUAL REGISTRATION STATEMENT AND PAY AN ANNUAL ONE HUNDRED DOLLARS (\$100.00) REGISTRATION FEE FOR EACH PRINCIPAL OR EMPLOYER. REGISTRATION FORMS ARE AVAILABLE ON THE CITY WEBSITE: WWW.DANIABEACHFL.GOV. (ORDINANCE #2012-019)

IN ACCORDANCE WITH THE AMERICANS WITH DISABILITIES ACT, PERSONS NEEDING ASSISTANCE TO PARTICIPATE IN ANY OF THESE PROCEEDINGS SHOULD CONTACT THE CITY CLERK'S OFFICE, 100 W. DANIA BEACH BOULEVARD, DANIA BEACH, FL 33004, (954) 924-6800 EXTENSION 3624, AT LEAST 48 HOURS PRIOR TO THE MEETING.

IN CONSIDERATION OF OTHERS, WE ASK THAT YOU:

- A. PLEASE TURN CELL PHONES OFF, OR PLACE ON VIBRATE. IF YOU MUST MAKE A CALL, PLEASE STEP OUT INTO THE ATRIUM, IN ORDER NOT TO INTERRUPT THE MEETING.
 - B. IF YOU MUST SPEAK TO SOMEONE IN THE AUDIENCE, PLEASE SPEAK SOFTLY OR GO OUT INTO THE ATRIUM, IN ORDER NOT TO INTERRUPT THE MEETING.
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1. CALL TO ORDER/ROLL CALL

2. MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE

3. PRESENTATIONS AND SPECIAL EVENT APPROVALS

1. Presentation on Olsen Middle School Magnet Program by Principal Valerie Harris
2. Special presentation from the 2019 U.S. Conference of Mayors - Commissioner Harris

4. PROCLAMATIONS

1. St. Ruth Missionary Baptist Church 111th Anniversary - Mayor Lewellen

5. CITIZEN COMMENTS

Addressing the Commission: Comments by Dania Beach citizens, or other interested parties that are not part of the regular agenda, may be made during each Commission meeting during the period set aside for "citizen comments." A thirty (30) minute "citizen comments" period shall be designated on the agenda for citizens and interested persons to speak on matters not scheduled on that day's agenda. Each speaker shall be limited to 3 minutes for his or her comments. Persons desiring to speak during the citizen comment period shall inform the City Clerk prior to the beginning of the meeting of their intention to speak. If more than 10 speakers express a desire to speak, the Commission shall determine, on a meeting by meeting basis, whether to (a) extend the time allotted for citizen comments to accommodate all speakers, or (b) whether to limit the number of speakers or amount of time per speaker. A speaker's time shall not be transferable to another speaker.

6. PUBLIC SAFETY REPORTS

7. CONSENT AGENDA

1. Minutes:

Approve Minutes of July 30, 2019 Special Budget Meeting
Approve Minutes of July 30, 2019 City Commission Meeting

2. Travel Requests: None
3. RESOLUTION NO. 2019-086

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A ONE (1) YEAR RENEWAL OF THE EXISTING AGREEMENT WITH BEACH RAKER, LLC, FOR BEACH CLEANING SERVICES WHICH SERVICES SHALL NOT EXCEED THE ANNUAL AMOUNT OF ONE HUNDRED SIX THOUSAND ONE HUNDRED FORTY TWO DOLLARS AND FORTY CENTS (\$106,142.40); PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

4. RESOLUTION NO. 2019-087

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A COMMUNITY AESTHETIC FEATURE AGREEMENT (CAFA) IN SUBSTANTIALLY THE SAME FORM AS ATTACHED EXHIBIT “A” WITH THE FLORIDA DEPARTMENT OF TRANSPORTATION (“FDOT”) PENDING LEGAL REVIEW, BETWEEN FDOT AND THE CITY FOR THE SIGN THAT IS LOCATED IN AN FDOT RIGHT-OF-WAY WITHIN THE JURISDICTIONAL BOUNDARIES OF UNINCORPORATED BROWARD COUNTY, FLORIDA; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

5. RESOLUTION NO. 2019-088

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING AN APPROPRIATION OF FUNDS RELATING TO BUILDING CODE SERVICES PERFORMED BY THE BROWARD COUNTY PERMITTING, LICENSING AND CONSUMER PROTECTION DIVISION OF THE ENVIRONMENTAL PROTECTION AND GROWTH MANAGEMENT DEPARTMENT UNTIL THE END OF THE FISCAL YEAR 2018-2019, INCREASING THE NOT TO EXCEED AMOUNT FROM ONE MILLION DOLLARS (\$1,000,000.00) TO ONE MILLION FOUR HUNDRED TWENTY THOUSAND DOLLARS (\$1,420,000.00); PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

6. RESOLUTION NO. 2019-089

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH,

FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A RETROACTIVE RENEWAL OF THE EXISTING AGREEMENT FOR CONSTRUCTION SERVICES FOR CONCRETE AND ASPHALT REPAIRS AND RECONSTRUCTION WITHIN CITY ROAD RIGHTS OF WAY BY METRO EXPRESS, INC. UNDER THE SOUTHEAST FLORIDA GOVERNMENTAL COOPERATIVE GROUP INVITATION TO BID NO. ITB 15-16-039 (A), VALID FROM OCTOBER 1, 2018 THROUGH FEBRUARY 8, 2020, IN AN AMOUNT THAT WILL EXCEED THE ANNUAL VENDOR THRESHOLD AMOUNT OF TWENTY FIVE THOUSAND DOLLARS (\$25,000.00) EACH YEAR THE CONTRACT IS IN PLACE AND AUTHORIZING SUCH PURCHASES THAT ARE TO BE MADE WITHIN THE DEPARTMENT APPROVED ANNUAL BUDGET APPROPRIATIONS; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

7. RESOLUTION NO. 2019-090

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A MEMORANDUM OF UNDERSTANDING FOR A COLLABORATION STUDY AND SUBSEQUENT DEVELOPMENT OF AN INTEGRATED SOLID WASTE AND RECYCLING SYSTEM MEMORANDUM OF UNDERSTANDING WITH BROWARD COUNTY AND MEMBERS OF THE BROWARD LEAGUE OF CITIES; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

8. RESOLUTION NO. 2019-091

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO WAIVE COMPETITIVE BIDDING REQUIREMENTS AND AUTHORIZE CITY OFFICIALS TO PROCEED WITHOUT ADVERTISEMENT FOR BIDS FOR THE PURCHASE AND INSTALLATION OF A REPLACEMENT LIME SLAKER UNIT AND TO PROCURE IT FROM SOUTHLAND CONTROLS, INC., IN AN AMOUNT NOT TO EXCEED EIGHTY THOUSAND DOLLARS (\$80,000.00); PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

9. RESOLUTION NO. 2019-092

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A MAINTENANCE MEMORANDUM OF AGREEMENT WITH THE STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION TO PROVIDE FOR THE CITY TO PERFORM NECESSARY MAINTENANCE TO LANDSCAPE IMPROVEMENTS WITHIN THE RIGHT OF WAY OF STATE ROAD A1A (EAST DANIA BEACH BOULEVARD) FROM MILE POST 7.322 TO MILE POST 7.385

LOCATED WITHIN THE CITY OF DANIA BEACH; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

10. RESOLUTION NO. 2019-093

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE AND ACCEPT AGREEMENTS FOR SELECTION OF THE CITY'S FULLY INSURED HEALTH, DENTAL, VISION, AND LIFE INSURANCE COVERAGE PROCURED USING GEHRING GROUP AS BROKER OF RECORD FOR THE CITY OF DANIA BEACH WITH THE FLORIDA LEAGUE OF CITIES, CIGNA LIFE INSURANCE COMPANY, AND NATIONAL VISION ADMINISTRATORS INSURANCE COMPANY, FOR INSURANCE COVERAGES BEGINNING OCTOBER 1, 2019 THROUGH SEPTEMBER 30, 2020, FOR ACTIVELY WORKING AND NON-MEDICARE ELIGIBLE RETIRED EMPLOYEES; FURTHER, AUTHORIZING CITY OFFICIALS TO EXECUTE AND ACCEPT AN AGREEMENT WITH MAXON ADMINISTRATORS TO ADMINISTER THE CITY'S SELF-INSURED SHORT TERM DISABILITY COVERAGE BEGINNING OCTOBER 1, 2019 THROUGH SEPTEMBER 30, 2020 FOR ALL ACTIVELY WORKING, ELIGIBLE EMPLOYEES; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

11. ORDINANCE NO. 2019-011

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AMENDING CHAPTER 17, ENTITLED "OFFENSES - MISCELLANEOUS", ARTICLE XIII, ENTITLED "PROHIBITION OF DISTRIBUTION OF PLASTIC STRAWS", SECTION 17-134, ENTITLED "PROHIBITION OF DISTRIBUTION OF PLASTIC STRAWS", OF THE CITY CODE OF ORDINANCES, PERTAINING TO A CITY-WIDE PLASTIC STRAW BAN; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; FURTHER, PROVIDING FOR AN EFFECTIVE DATE. **(FIRST READING)**

12. ORDINANCE NO. 2019-012

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AMENDING CHAPTER 27 OF THE CITY CODE OF ORDINANCES BY ADDING ARTICLE V TO CHAPTER 27, SUCH ARTICLE TO BE ENTITLED "STORMWATER REGULATIONS" RELATING TO THE NATIONAL POLLUTION DISCHARGE ELIMINATION SYSTEM STORMWATER PROGRAM ("NPDES"); PROVIDING FOR STORMWATER MANAGEMENT PLAN REQUIREMENTS, ILLICIT DISCHARGE DETECTION AND ELIMINATION PROVISIONS, PROHIBITION OF ILLEGAL DISCHARGES, MATERIAL MANAGEMENT, AND POST CONSTRUCTION INSPECTION AND ENFORCEMENT; PROVIDING FOR CONFLICTS; PROVIDING FOR

SEVERABILITY; FURTHER, PROVIDING FOR AN EFFECTIVE DATE. **(FIRST READING)**

8. BIDS AND REQUESTS FOR PROPOSALS

1. RESOLUTION NO. 2019-094

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, RELATED TO REQUEST FOR PROPOSALS (RFP NO. 19-006) CITY CENTER REDEVELOPMENT OPPORTUNITY PUBLIC PRIVATE PARTNERSHIP; AUTHORIZING THE CITY MANAGER TO ESTABLISH A NEGOTIATING TEAM TO ENTER INTO NEGOTIATIONS FOR A DEVELOPMENT AGREEMENT WITH ARMADA HOFFLER PROPERTIES/CAPITAL GROUP (DANIA BEACH CITY CENTER LLC) IN FURTHERANCE OF THE CITY CENTER REDEVELOPMENT PROJECT; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

9. PUBLIC HEARINGS

1. ORDINANCE NO. 2019-010

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, APPROVING THE DEVELOPMENT OF REGIONAL IMPACT ABANDONMENT REQUEST (OT-85-18) SUBMITTED BY JOHN D. VOIGT, ESQ. ON BEHALF OF THE DESIGN CENTER OF THE AMERICAS FOR PROPERTY LOCATED AT 1855 GRIFFIN ROAD, IN THE CITY OF DANIA BEACH, FLORIDA, AS LEGALLY DESCRIBED IN EXHIBIT “A;” PROVIDING FOR CONFLICTS; AND FURTHER, PROVIDING FOR AN EFFECTIVE DATE. **(SECOND READING)**

2. ORDINANCE NO. 2019-013

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE EXPENDITURE OF CITY FUNDS EXCEEDING ONE MILLION DOLLARS (\$1,000,000.00) FOR CAP GOVERNMENT, INC.; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE. **(FIRST READING)**

3. RESOLUTION NO. 2019-095

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA APPROVING THE WAIVER OF REPLAT REQUEST (OT-86-19) SUBMITTED BY LARRY L. ADAIR, ON BEHALF OF THE PROPERTY OWNER, 800 MARINE TECHNICAL CENTER, INC. FOR PROPERTY GENERALLY

LOCATED AT NW 3RD PLACE BETWEEN NW 8TH AVENUE AND NW 9TH AVENUE IN THE CITY OF DANIA BEACH, FLORIDA AS LEGALLY DESCRIBED IN EXHIBIT “A,” A COPY OF WHICH IS ATTACHED TO THIS RESOLUTION; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

4. ORDINANCE NO. 2019-014

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA APPROVING THE RIGHT-OF-WAY VACATION REQUEST (VC-87-19) SUBMITTED BY LARRY L. ADAIR, P.A. ON BEHALF OF THE PROPERTY OWNER, 800 MARINE TECHNICAL CENTER, INC. FOR PROPERTY GENERALLY LOCATED BETWEEN BLOCK 3 AND BLOCK 2 TO THE IMMEDIATE NORTH AND SOUTH AND BETWEEN THE INTERSECTION OF NORTHWEST 9TH AND 8TH AVENUES TO THE IMMEDIATE WEST AND EAST OF THE PLAT OF DANIA MANOR, RECORDED IN PLAT BOOK 10, PAGE 53, PUBLIC RECORDS OF BROWARD COUNTY, GENERALLY DESCRIBED AS NORTHWEST 3RD PLACE, WITHIN THE CITY OF DANIA BEACH, FLORIDA, AS LEGALLY DESCRIBED IN EXHIBIT A, A COPY OF WHICH IS ATTACHED TO THIS RESOLUTION; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; FURTHER, PROVIDING FOR AN EFFECTIVE DATE. **(FIRST READING)**

5. RESOLUTION NO. 2019-096

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, APPROVING THE SITE PLAN MODIFICATION (SP-02-17MOD) AND VARIANCE (VA-123-19), SUBMITTED BY DANIA AIRPORT HOTELS, LLC FOR PROPERTIES GENERALLY LOCATED ON THE EAST SIDE OF NORTH FEDERAL HIGHWAY BETWEEN NW 1st STREET AND EAST DANIA BEACH BOULEVARD AND ON THE EAST SIDE OF NE 1st COURT BETWEEN NE 1st STREET AND EAST DANIA BEACH BOULEVARD IN THE CITY OF DANIA BEACH, FLORIDA AS LEGALLY DESCRIBED IN EXHIBIT “A,” A COPY OF WHICH IS ATTACHED TO THIS RESOLUTION; PROVIDING FOR CONDITIONS; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

10. DISCUSSION AND POSSIBLE ACTION

1. Pet Friendly City - Mayor Lewellen
2. Citywide reduction of glyphosate based fertilizer - Vice-Mayor Odman
3. Air BNB Affidavit - Commissioner James

11. COMMISSION COMMENTS

1. Commissioner Brandimarte
2. Commissioner Harris
3. Commissioner James
4. Vice-Mayor Odman
5. Mayor Lewellen

12. APPOINTMENTS

1. Complete Count Advisory Committee
Mayor Lewellen - 2 appointments
Vice-Mayor Odman - 2 appointments
Commissioner Brandimarte - 2 appointments
Commissioner Harris - 2 appointments
Commissioner James - 2 appointments

13. ADMINISTRATIVE REPORTS

1. City Manager
2. City Attorney
3. City Clerk - Reminders

Wednesday, August 28, 2019 - 10:00 a.m.
Tuesday, September 10, 2019 - 5:30 p.m.
Tuesday, September 10, 2019 - 7:00 p.m.
Thursday, September 12, 2019 - 5:01 p.m.
Monday, September 23, 2019 - 5:01 p.m.
Monday, September 23, 2019

Commission Budget Workshop
CRA Board Meeting
City Commission Meeting
First Budget Public Hearing
Second Budget Public Hearing
City Commission Meeting
(immediately following Second Budget
Public Hearing)

14. ADJOURNMENT

**MINUTES OF SPECIAL BUDGET MEETING
DANIA BEACH CITY COMMISSION
TUESDAY, JULY 30, 2019 – 5:01 P.M.**

1. Call to Order/Roll Call

Mayor James called the meeting to order at 5:03 p.m.

Present:

Mayor:	Lori Lewellen
Vice-Mayor:	Lauren Odman
Commissioners:	Chickie Brandimarte
	Bill Harris
	Tamara James
City Manager:	Ana M. Garcia, ICMA-CM
City Attorney:	Thomas Ansbro
City Clerk:	Thomas Schneider

2. Presentations

City Manager Garcia thanked everyone involved in the Budget Committee; staff worked diligently and we were able to balance the budget. It is a very lean budget, but it focuses on service delivery for our residents.

Nicki Satterfield, Director of Finance, presented a PowerPoint of the proposed budget, which is attached to and incorporated into these minutes.

Commissioner Harris questioned funding of the Police pension plan.

Finance Director Satterfield noted there are no new people going into the plan on either side and it is more funded than it was last year.

Commissioner Harris noted regarding the shuttle bus, he thinks MPO has put some funds aside for transportation issues around the County that we may be able to capture because of the one penny sales tax initiative; funds would be available in January 2020.

Finance Director Satterfield reviewed the overall plan for tonight's meeting and for one-on-one budget discussions during the month leading up to the budget workshop.

Commissioner James felt the second floor renovation should be workshopped as she does not recall having a consensus to have it in the budget. The Commission does not even have any offices.

Finance Director Satterfield noted everything that is approved in the budget would have to come back to the Commission for approval.

Commissioner James said regarding the Chief Procurement Officer, we could start with a Procurement Manager rather than a chief. Regarding the City Attorney, we are in limbo with what we are doing as we have an RFP out. She added we do not need an Assistant Parks & Recreation Director at this time, and she does not see the med unit that had been discussed.

Commissioner Brandimarte noted she will not meet with the City Manager or anybody one-on-one on this; she will meet with all of the Commission together. She questioned setting the millage rate lower, perhaps a half percent, to give a small tax relief to the taxpayers, and asked Finance Director Satterfield to come back with that information. She does not agree with a lot of the things in the budget and has many questions, but she wants to discuss it in an open, transparent setting.

City Manager Garcia reminded everyone that the new revenue we received this year was \$850,000.00; out of that, \$1.2 million automatically went to Fire and Police. We are at 60% and we keep focusing on public safety. Setting the millage rate today does not mean we cannot, through the process, lower it.

3. Public Hearings

3.1 RESOLUTION NO. 2019-066

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, RELATING TO THE IMPOSITION OF FIRE RESCUE ASSESSMENTS AND THE PROVISION OF FIRE SERVICES, FACILITIES AND PROGRAMS WITHIN THE CITY OF DANIA BEACH, FLORIDA; PROVIDING AUTHORITY; AFFIRMING THE PROVISIONS AND FINDINGS OF RESOLUTION NOS. 2017-084 AND 2017-105; PROVIDING PURPOSE, EFFECT AND DEFINITIONS; PROVIDING FOR PROVISION AND FUNDING OF FIRE SERVICES; PROVIDING FOR IMPOSITION AND COLLECTION OF SUCH ASSESSMENTS; PROVIDING LEGISLATIVE DETERMINATIONS OF SPECIAL BENEFIT AND FAIR APPORTIONMENT; PROVIDING UPDATED ASSESSMENT METHODOLOGY AND CALCULATIONS; ESTABLISHING PRELIMINARY NOT-TO-EXCEED ASSESSMENT RATES FOR FIRE ASSESSMENTS TO PROVIDE FOR THE PROVISION OF FIRE SERVICES, FACILITIES AND PROGRAMS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2019; DIRECTING THE PREPARATION OF A PRELIMINARY ASSESSMENT ROLL; AUTHORIZING A PUBLIC HEARING AND DIRECTING THE PROVISION OF MAILED AND PUBLISHED NOTICE OF SUCH HEARING; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

City Attorney Ansbro read the title of Resolution #2019-066.

Mayor Lewellen opened the Public Hearing.

Bobbie Grace, 110 NW 8th Avenue, felt everything included in the budget should not be in there, such as the positions that were requested. She sees nothing in the budget for the general employees.

Seeing as there was no one else to speak in favor or opposition, Mayor Lewellen closed the Public Hearing.

Commissioner James motioned to adopt Resolution #2019-066; seconded by Vice-Mayor Odman. The motion carried unanimously.

3.2 RESOLUTION NO. 2019-067

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, RELATING TO THE COLLECTION AND DISPOSAL OF SOLID WASTE IN THE CITY OF DANIA BEACH, FLORIDA; ESTABLISHING THE NOT TO EXCEED ASSESSMENT RATE FOR SOLID WASTE SERVICE ASSESSMENTS AGAINST ASSESSED PROPERTY LOCATED WITHIN BOUNDARIES OF THE CITY OF DANIA BEACH, FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2019; DIRECTING THE PREPARATION OF AN ASSESSMENT ROLL; AUTHORIZING A PUBLIC HEARING AND DIRECTING THE PROVISION OF NOTICE OF SUCH HEARING; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

City Attorney Ansbro read the title of Resolution #2019-067.

Mayor Lewellen opened the Public Hearing. Seeing as there was no one to speak in favor or opposition, she closed the Public Hearing.

Commissioner James motioned to adopt Resolution #2019-067; seconded by Vice-Mayor Odman. The motion carried unanimously.

3.3 RESOLUTION NO. 2019-068

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, RELATING TO THE PROVISION OF STORMWATER SERVICES, FACILITIES AND PROGRAMS WITHIN THE CITY OF DANIA BEACH, FLORIDA; ESTABLISHING THE NOT TO EXCEED ASSESSMENT RATE FOR STORMWATER ASSESSMENTS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2019; DIRECTING THE PREPARATION OF RESPECTIVE ASSESSMENT ROLLS; AUTHORIZING A PUBLIC HEARING AND DIRECTING THE PROVISION OF NOTICE OF SUCH HEARING; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

City Attorney Ansbro read the title of Resolution #2019-068.

Mayor Lewellen opened the Public Hearing. Seeing as there was no one to speak in favor or opposition, she closed the Public Hearing.

Commissioner James motioned to adopt Resolution #2019-068; seconded by Commissioner Harris. The motion carried unanimously.

3.4 RESOLUTION NO. 2019-069

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AS REQUIRED BY THE CITY CHARTER AND SECTION 200.065, FLORIDA STATUTES, APPROVING THE PROPOSED MILLAGE RATE NECESSARY TO BE LEVIED FOR THE FISCAL YEAR 2019-2020 FOR OPERATING PURPOSES; ESTABLISHING THE DEBT MILLAGE APPROVED BY THE ELECTORATE; PROVIDING FOR A PUBLIC HEARING WHEN OBJECTIONS MAY BE HEARD AND QUESTIONS

CONCERNING SAME WILL BE ANSWERED; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

City Attorney Ansbro read the title of Resolution #2019-069.

Mayor Lewellen opened the Public Hearing. Seeing as there was no one to speak in favor or opposition, she closed the Public Hearing.

Commissioner James motioned to adopt Resolution #2019-069; seconded by Vice-Mayor Odman. The motion carried unanimously.

4. Adjournment

Mayor Lewellen adjourned the meeting at 5:44 p.m.

ATTEST:

CITY OF DANIA BEACH

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

MINUTES OF REGULAR MEETING
DANIA BEACH CITY COMMISSION
TUESDAY, JULY 30, 2019 – 7:00 P.M.

1. Call to Order/Roll Call

Mayor Lewellen called the meeting to order at 7:22 p.m.

Present:

Mayor:	Lori Lewellen
Vice-Mayor:	Lauren Odman
Commissioners:	Chickie Brandimarte
	Bill Harris
	Tamara James
City Manager:	Ana M. Garcia, ICMA-CM
City Attorney:	Thomas Ansbro
City Clerk:	Thomas Schneider

2. Moment of Silence and Pledge of Allegiance

Mayor Lewellen called for a moment of silence after the Pledge of Allegiance to the United States Flag.

3. Presentations and Special Event Approvals

3.1 Swearing-in of BSO Captain Sergio Pellecer as Dania Beach District Fire Chief

Mayor Lewellen spoke briefly about Captain Pellecer and administered the Oath of Office to him as Dania Beach District Fire Chief.

Each Commissioner commented and congratulated Fire Chief Pellecer.

Fire Chief Pellecer gave a brief fire report.

3.2 Presentation of Certificates of Acknowledgment to the Parks, Recreation, and Community Affairs Advisory Board members for their service to the community and Board

Eric Brown, Director of Parks & Recreation commented on the board members and presented them with Certificates of Acknowledgement.

Parks and Recreation Department Most Valuable Employee (MVE) Presentations

Eric Brown, Director of Parks & Recreation, presented the Most Valuable Employee (MVE) award for the third quarter to Kayla Gardner.

3.3 City Manager commendation to Lifeguard Kristen McLaren

City Manager Garcia noted Ms. McLaren found a Rolex watch on the beach, turned it in, and it was reclaimed by the owner the next day. She presented Ms. McLaren with a Certificate of Commendation for her honesty, integrity and outstanding contributions and service to the citizens of Dania Beach.

3.4 Special Event request from Ragnar Events, LLC for the Ragnar Florida Sprint 2020 Relay Race to be held on February 29, 2020 from 4:00 a.m. - 12:00 p.m., with an exchange point located at Frost Park, 300 NE 2nd Street

Commissioner James motioned to approve the Special Event request for the Ragnar Florida Sprint 2020 Relay Race; seconded by Commissioner Harris. The motion carried unanimously.

3.5 Update on City's 115th Birthday - Mayor Lewellen

Mayor Lewellen reported Jack Studiale, owner of Tropical Acres Restaurant, agreed to sponsor a champagne brunch hosting Dania Beach's 115th Birthday celebration.

Rickelle Williams, CRA Executive Director, agreed to meet with City Staff about expanding the Dania after Dark (DAD) event for the month of November.

The Commission consensus was to have an expanded DAD on November 9th and a brunch at Tropical Acres on November 10th, by Commission invitation only, to celebrate the City's 115th Anniversary.

3.6 Parks and Recreation Citywide Master Plan Presentation

Randy Hollingsworth, Director of Planning & Urban Design Department, and Alfredo Sanchez, Senior Partner, Bermello, Ajamil & Partners, Inc., gave a presentation, which is attached to and incorporated into these minutes.

Commissioner James noted she would like the Olsen Middle School property removed from the plan.

3.7 Acknowledgement of Chamber/Atrium refurbishment - Vice-Mayor Odman

Vice-Mayor Odman spoke of the upgrades to City Hall and the Commission Chamber. She thanked members of the CACAB and City staff for their efforts to accommodate tonight's meeting.

4. Proclamations

4.1 Parks and Recreation Month - Eric Brown, Parks & Recreation Director

Mayor Lewellen read the Parks and Recreation Month Proclamation and presented it to Eric Brown, Parks & Recreation Director.

5. Citizen Comments

John Daizovi, 41 SE 6 Street, representative of Lighthouse Community Church, 650 S. Federal Highway, spoke of providing consoling support for small business employees, and recruiting mentoring volunteers for the church's mentoring program.

Bobbie H. Grace, 110 NW 8th Avenue, spoke of signage concerns with older businesses such as Dania Casino and Mr. M's Subs, due to the longevity of the businesses.

Linda Wilson, Friends of Dania Beach Library, addressed budget concerns the Friends of the Library is having, and requested the City increase its charitable donation for 2019-2020 so additional programs can be offered at the library.

Joyce Davis, 500 NE 2nd Street, founder of Pearl Girls Youth Program, commented on bringing her youth program to Dania Beach parks and the Library.

Randall Suhr, 309 N.E. 2nd Avenue, spoke of a code enforcement and special magistrate matter related to his property.

Emmanuel George, 17 NE 2nd Avenue, requested an update of the status of the Historical Society.

Craig Valentine, 1982 Tiger Tail Drive, spoke of a simulated live pay-per-view wrestling show and toy drive being held at the Dania Beach Casino on December 14th.

6. Public Safety Reports

Captain Daniel Marks, BSO Chief of Police, spoke of a back-to-school event that would be co-sponsored by the Dania Beach Lions Club. He noted the First Annual BSO/Teen Partnership event, a fishing tournament, would be held on August 9 at Boaters Park in furtherance of building a relationship between kids and law enforcement. He also noted crime prevention training is available to any Homeowners Association as well as active killer training, which is also available to local business and places of worship.

7. Consent Agenda

Items removed from Consent Agenda: 7.14

- 7.1 Minutes:
Approve Minutes of June 25, 2019 City Commission Meeting
- 7.2 Travel Requests: None

Resolutions

7.3 RESOLUTION #2019-070

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE CITY TO EXECUTE AN AGREEMENT WITH THE ROYAL AUCTION GROUP INC, FOR AUCTIONEER SERVICES, UTILIZING THE CITY OF FORT LAUDERDALE REQUEST FOR PROPOSAL (“RFP”) NO. 875-12011 AND TO DECLARE CERTAIN VEHICLES SURPLUS THAT ARE OF NO FURTHER USE TO THE CITY; DECLARING THE INTENT OF THE CITY TO DISPOSE OF SAME; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

7.4 RESOLUTION #2019-071

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE AN AGREEMENT TO UTILIZE THE SOUTHEAST FLORIDA GOVERNMENTAL PURCHASING COOPERATIVE PURCHASING GROUP CONTRACT, FOR SULFURIC ACID WITH THE SULPHURIC ACID TRADING COMPANY, INC. VALID THROUGH MAY 31, 2022, AND TO EXCEED THE ANNUAL VENDOR TOTAL AMOUNT OF TWENTY FIVE THOUSAND DOLLARS (\$25,000.00) EACH FISCAL YEAR THE CONTRACT IS IN PLACE; AUTHORIZING SUCH PURCHASES TO BE MADE WITHIN THE RESPECTIVE DEPARTMENTS’ APPROVED ANNUAL BUDGET APPROPRIATIONS; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

7.5 RESOLUTION #2019-072

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE THE SECOND RENEWAL OF AN EXISTING AGREEMENT FOR AN ADDITIONAL TWO (2) YEAR PERIOD WITH U.S. WATER SERVICES CORPORATION RELATING TO THE CITY’S METER READING CONTRACT, WHICH WILL EXCEED AN ANNUAL SINGLE VENDOR AMOUNT OF TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00), WITH PURCHASE COSTS BEING LIMITED TO AND PAID FROM APPROVED ANNUAL BUDGET APPROPRIATIONS; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

7.6 RESOLUTION #2019-073

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE TWO COMMUNITY AESTHETIC FEATURE AGREEMENTS (CAFA) IN SUBSTANTIALLY THE SAME FORM AS ATTACHED AS EXHIBITS “A” AND “B” WITH THE STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION (FDOT) PENDING LEGAL REVIEW BETWEEN FDOT AND THE CITY OF DANIA BEACH FOR THE SIGNS AND PUBLIC ART THAT ARE LOCATED IN AN FDOT RIGHT-OF-WAY WITHIN THE JURISDICTIONAL BOUNDARIES OF THE CITY OF DANIA BEACH, FLORIDA; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

7.7 RESOLUTION #2019-074

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA AUTHORIZING THE RELEASE OF ADDITIONAL CODE ENFORCEMENT LIENS AND OTHER CITY LIENS FOR FOUR (4) PARCELS OF THE TEN (10) PARCELS CONVEYED BY THE CITY TO THE DANIA BEACH COMMUNITY REDEVELOPMENT AGENCY (“CRA”) FOR THE PURPOSE OF HOUSING AND OTHER DEVELOPMENT; AUTHORIZING THE PROPER CITY OFFICIALS TO PREPARE AND RECORD RELEASES AND RELATED DOCUMENTS FOR EACH PARCEL FOR THIS PURPOSE; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

7.8 RESOLUTION #2019-075

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, APPROVING THE APPROPRIATION AND USE OF LAW ENFORCEMENT TRUST FUNDS IN AN AMOUNT NOT TO EXCEED ONE HUNDRED FORTY TWO THOUSAND FIFTY DOLLARS (\$142,050.00) FOR PUBLIC SAFETY EQUIPMENT; PROVIDING FOR CONFLICTS; PROVIDING FOR FUNDING, FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

7.9 RESOLUTION #2019-076

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE AN AGREEMENT WITH THE DANIA ENTERTAINMENT CENTER, LLC (“DEC”), FOR THE USE OF A PORTION OF THE DANIA BEACH CASINO PARKING LOT LOCATED AT 301 E. DANIA BEACH BOULEVARD AS A POST-STORM STAGING AREA; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

7.10 RESOLUTION #2019-077

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, CREATING A COMPLETE COUNT ADVISORY COMMITTEE (“CCAC”) FOR THE 2020 DECENNIAL CENSUS; SPECIFYING POWERS AND DUTIES OF THE CCAC; ESTABLISHING THE NUMBER OF MEMBERS OF THE CCAC; ESTABLISHING QUALIFICATIONS OF MEMBERS OF THE CCAC; PROVIDING FOR AUTOMATIC TERMINATION OF THE CCAC; PROVIDING FOR SERVICE WITHOUT COMPENSATION; PROVIDING FOR IMPLEMENTATION; PROVIDING FOR AN EFFECTIVE DATE.

7.11 RESOLUTION #2019-078

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE EXPENDITURE OF FUNDS FROM VARIOUS CITY DEPARTMENTS, FOR SURVEILLANCE SYSTEM CAMERA MAINTENANCE AND REPAIRS PURCHASED FROM AMC SURVEILLANCE CAMERA & ELECTRONICS, INC. FOR FISCAL YEAR 2018-2019, ENDING SEPTEMBER 30, 2019, INCLUSIVE OF EXISTING PURCHASES AND POTENTIAL FUTURE REPAIRS THAT EXCEED AN ANNUAL VENDOR TOTAL AMOUNT OF TWENTY FIVE THOUSAND DOLLARS (\$25,000.00) FOR A CURRENT AMOUNT NOT TO EXCEED FORTY THOUSAND DOLLARS (\$40,000.00); PROCEEDING WITHOUT COMPETITIVE BIDDING AND AUTHORIZING SUCH PURCHASES THAT ARE TO BE MADE WITHIN THE RESPECTIVE DEPARTMENTS’ APPROVED ANNUAL BUDGET APPROPRIATIONS; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

7.12 RESOLUTION #2019-079

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE AN EXTENSION OF THE AGREEMENT

EXISTING BETWEEN THE CITY OF DANIA BEACH, FLORIDA AND BERMELLO, AJAMIL & PARTNERS, INC., A FLORIDA CORPORATION, FOR PREPARATION OF A PARKS AND RECREATION TEN YEAR MASTER PLAN IN AN AMOUNT NOT TO EXCEED ONE HUNDRED NINETY THREE THOUSAND FIFTY DOLLARS (\$193,050.00); PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

7.13 RESOLUTION #2019-080

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO UTILIZE THE PRICING UNDER THE CITY OF TAMARAC REQUEST FOR PROPOSAL (“RFP”) NO. 19-23R TO PROVIDE SCHOOL CROSSING GUARD STAFFING SERVICES WITH WATERFIELD FLORIDA STAFFING, LLC, D/B/A ACTION LABOR OF FLORIDA, LLC, FOR A PERIOD OF TWO (2) YEARS, COMMENCING SEPTEMBER 1, 2019 THROUGH AUGUST 31, 2021 WITH AN OPTION TO RENEW FOR TWO (2) ADDITIONAL TWO (2) YEAR PERIODS; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

7.15 RESOLUTION #2019-082

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE RECLASSIFICATION OF THE PUBLIC SERVICES DEPARTMENT PROJECT ASSOCIATE ENGINEER TO A CAPITAL IMPROVEMENTS PROJECTS (“CIP”) AND GRANTS ADMINISTRATOR; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

Vice-Mayor Odman motioned to adopt the Consent Agenda, with the exception of Item #7.14; seconded by Commissioner James. The motion carried unanimously.

7.14 RESOLUTION #2019-081

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, ADOPTING THE FINAL VERSION OF THE DANIA BEACH PARKS AND RECREATION CITYWIDE MASTER PLAN; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

City Attorney Ansbro read the title of Resolution #2019-081.

Commissioner James motioned to adopt Resolution #2019-081; as amended, to exclude Olsen Middle School property from the plan; seconded by Commissioner Harris. The motion carried unanimously.

8. Bids and Requests for Proposals

8.1 RESOLUTION #2019-083

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AWARDED A BID RELATED TO INVITATION TO BID (ITB NO. 19-004) TO SAGARIS CORPORATION FOR MULTIMODAL ENHANCEMENTS IN AN AMOUNT NOT TO EXCEED FOUR HUNDRED FIFTY NINE THOUSAND ONE HUNDRED NINETY NINE DOLLARS AND FORTY CENTS (\$459,199.40); PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

City Attorney Ansbro read the title of Resolution #2019-083.

Commissioner James motioned to adopt Resolution #2019-083; seconded by Commissioner Harris. The motion carried unanimously.

9. Public Hearings and Site Plans

9.1 ORDINANCE #2019-009 **Amended**

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AMENDING CHAPTER 17, "OFFENSES-MISCELLANEOUS," OF THE CITY'S CODE OF ORDINANCES BY REPEALING ARTICLE IV, "NOISE" AND REPLACING WITH A NEW ARTICLE IV, "NOISE" TO PROVIDE TERMINOLOGY, PROHIBIT CERTAIN NOISES, EXEMPT CERTAIN NOISES, LIMIT THE UNREASONABLE AND EXCESSIVE LEVELS OF NOISES AND PLAINLY AUDIBLE NOISES IN CERTAIN CIRCUMSTANCES, PROVIDE TEMPORARY NOISE PERMITS; PROVIDE ENFORCEMENT STANDARDS, PENALTIES, AND REMEDIES; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICTS; PROVIDING FOR INCLUSION IN THE CODE; AND PROVIDING FOR AN EFFECTIVE DATE. **(SECOND READING)**

City Attorney Ansbro read the title of Ordinance #2019-009.

Marc LaFerrier, Director of Community Development, reviewed the changes made to the ordinance since first reading.

City Attorney Ansbro addressed a change that needs to be made to Section 17-83 of the ordinance included in the agenda packet, noting that the phrase "or in any motor vehicle located on any public street or property" would be removed.

Mayor Lewellen opened the Public Hearing. Seeing as there was no one to speak in favor or opposition, she closed the Public Hearing.

Vice-Mayor Odman motioned to adopt Ordinance #2019-009, on second reading, as amended; seconded by Commissioner Harris. The motion carried on the following 4-1 Roll Call vote:

Commissioner Brandimarte	No	Vice-Mayor Odman	Yes
Commissioner Harris	Yes	Mayor Lewellen	Yes
Commissioner James	Yes		

9.2 ORDINANCE #2019-010

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, APPROVING THE DEVELOPMENT OF REGIONAL IMPACT ABANDONMENT REQUEST (OT-85-18) SUBMITTED BY JOHN D. VOIGT, ESQ. ON BEHALF OF THE DESIGN CENTER OF THE AMERICAS FOR PROPERTY LOCATED AT 1855 GRIFFIN ROAD, IN THE CITY OF DANIA BEACH, FLORIDA, AS LEGALLY DESCRIBED IN EXHIBIT "A;" PROVIDING FOR CONFLICTS; AND FURTHER, PROVIDING FOR AN EFFECTIVE DATE. **(FIRST READING)** *(Continued from June 25, 2019)*

City Attorney Ansbro read the title of Ordinance #2019-010.

Marc LaFerrier, Director of Community Development, gave an overview of the DRI abandonment request.

Mayor Lewellen opened the Public Hearing. Seeing as there was no one to speak in favor or opposition, she closed the Public Hearing.

Commissioner James motioned to adopt Ordinance #2019-010, on first reading; seconded by Commissioner Brandimarte. The motion carried on the following 5-0 Roll Call vote:

Commissioner Brandimarte	Yes	Vice-Mayor Odman	Yes
Commissioner Harris	Yes	Mayor Lewellen	Yes
Commissioner James	Yes		

9.3 RESOLUTION #2019-084

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, APPROVING THE SITE PLAN MODIFICATION (SP-08-13MOD) REQUEST AND VARIANCE (VA-80-19) REQUEST SUBMITTED BY CHEN MOORE AND ASSOCIATES, INC., ON BEHALF OF THE PROPERTY OWNER, BROWARD COUNTY BOARD OF COUNTY COMMISSIONERS, FOR PROPERTY LOCATED AT 4980 SW 40TH AVENUE, IN THE CITY OF DANIA BEACH, FLORIDA, AS LEGALLY DESCRIBED IN EXHIBIT "A," A COPY OF WHICH IS ATTACHED TO THIS RESOLUTION; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

City Attorney Ansbro read the title of Resolution #2019-084, and noted this is a quasi-judicial hearing and swore-in those who would speak. He asked the Commission to disclose any communication they had on this matter.

Marc LaFerrier, Director of Community Development, gave a presentation on the site plan modification and variance requests.

Mayor Lewellen opened the Public Hearing. Seeing as there was no one to speak in favor or opposition, she closed the Public Hearing.

Commissioner James motioned to adopt Resolution #2019-084; seconded by Vice-Mayor Odman. The motion carried on the following 5-0 Roll Call vote:

Commissioner Brandimarte	Yes	Vice-Mayor Odman	Yes
Commissioner Harris	Yes	Mayor Lewellen	Yes
Commissioner James	Yes		

10. Discussion and Possible Action

10.1 RESOLUTION NO. 2019-085 - Requested by Commissioner James

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, CREATING A CITY CONTRACTS POLICY; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

City Attorney Ansbro read the title of Resolution #2019-085.

Commissioner James noted she requested the contracts come before the City Commission at least five months before expiration in case the Commission decides an RFP is needed.

Commissioner James motioned to adopt Resolution #2019-085; seconded by Vice-Mayor Odman. The motion carried unanimously.

10.2 Expansion of plastic straw ban - Vice-Mayor Odman

Vice-Mayor Odman asked if the City Commission wanted to look at expanding the current ban citywide for eating and drinking establishments.

Mayor Lewellen questioned if there were any legal prohibitions expanding the ban citywide.

City Attorney Ansbro responded no.

The Commission consensus was to expand the current plastic straw ban citywide for all restaurants and drinking establishments.

10.3 Wellness Program - Commissioner James

Commissioner James addressed the wellness program that would be kicking off September 1, 2019, which would offer teams, competition and incentives. She has been working with Human Resources, which will offer Fitbits and the wellness program.

Commissioner Harris welcomed the program, and mentioned reaching out to YouFit and United Health Care to collaborate with their fitness programs.

The Commission consensus was to establish a wellness program for City employees.

10.4 Youth Advisory Board - Commissioner James

Commissioner James discussed establishing a Youth Advisory Board along with the help of Parks and Recreation and other non-profits.

Mayor Lewellen felt the idea was great, and suggested changing the name to something else as she had sunshine violation concerns.

Commissioner James noted it would be a program.

Commissioner Harris supported the program and commented on a previous youth program the City created.

The Commission consensus was to establish a youth advisory program.

10.5 Beach vendors - Commissioner James

Commissioner James questioned how to go about getting rental umbrellas and chairs on the beach regardless of the forthcoming beach RFP.

City Manager Garcia indicated Parks and Recreation Director Brown is working to pursue a vendor; there is a possibility of piggy-backing off an RFP to provide beach equipment rental services.

Commissioner Brandimarte suggested Commissioner James meet with Dania Beach Casino management on the possibility of collaborating.

The Commission consensus was for Commissioner James to meet with Dania Beach Casino management and bring the item back to the Commission.

10.6 Local Association meetings - Commissioner James

Commissioner James requested local association meeting lunches be included in the recently amended travel policy.

Commissioner Harris suggested adding a dollar amount.

Mayor Lewellen expressed apprehension as the Commission was already given an increased expense allowance which could be used for this purpose.

The Commission consensus was to discuss this item at a future time.

10.7 Commission access to City Clerk's G Drive - City Manager Garcia

City Manager Garcia explained there had been a request from a Commissioner for access to the City Clerk's G Drive. After discussion with the City Clerk, it was determined the best way to meet this request would be to prohibit everyone, aside from the Clerk's office, from having access to the public records requests folder within the drive.

City Clerk Schneider noted removing access to the public records folder is in line with best practices for those having access to the City Clerk's G drive.

City Manager Garcia recommended access to the public records requests folder be prohibited in order to grant the requested access to the Clerk's drive. She confirmed this would also include access to Board Sync, the City's agenda program.

The Commission consensus was to allow Commissioners access to the G drive, with the exception of the public records requests folder, and to Board Sync.

11. Commission Comments

11.1 Commissioner Brandimarte

Commissioner Brandimarte requested enforcement of signage violations be suspended until a meeting is held with staff to revise the signage ordinance. She suggested the idea of the Code Compliance Department falling under BSO's jurisdiction.

The Commission consensus was to defer enforcement on C.K. McElyea's businesses as well as on Mr. M's Sandwich Shop, and to hold a workshop to follow-up.

11.2 Commissioner Harris

Commissioner Harris spoke about the U.S. Conference of Mayors meeting he recently attended.

11.3 Commissioner James

Commissioner James described her experience of attending the U.S. Conference of Mayors. She noted the Lions Club, along with BSO, would be sponsoring a back-to-school drive, and Tamara James Day would be on August 3rd.

11.4 Vice-Mayor Odman

Vice-Mayor Odman introduced and welcomed her intern, Kaleb, and commented on the Dania Beach Lions Club dinner to be held on August 10th.

11.5 Mayor Lewellen

Mayor Lewellen spoke of the extensive agenda at the Mayors Conference and ideas she is looking into. She addressed the preemption issue with the State of Florida relating to plastic regulations, a local food drive and homeless program, and the recent commissioning of the USS Ignatius at Port Everglades.

12. Appointments

There were no appointments at this meeting.

13. Administrative Reports

13.1 City Manager

City Manager Garcia proposed in-the-shade meeting dates with our labor attorney and negotiating team of either Monday, August 12th or Tuesday, August 13th from 2:00-3:00 p.m.

The Commission agreed to set the meeting for August 13th at 2:00 p.m.

City Manager Garcia spoke of discussions with the KIMCO developers regarding a BSO Police and Fire/EMS substation at Dania Pointe.

13.2 City Attorney

City Attorney Ansbro had no comments.

13.3 City Clerk – Reminders

Tuesday, August 13, 2019 – 2:00 p.m.	Shade Meeting
Tuesday, August 20, 2019 - 4:30 p.m.	CRA Workshop
Tuesday, August 27, 2019 - 5:30 p.m.	CRA Board Meeting
Tuesday, August 27, 2019 - 7:00 p.m.	City Commission Meeting
Wednesday, August 28, 2019 - 10:00 a.m.	Commission Budget Workshop

14. Adjournment

Mayor Lewellen adjourned the meeting at 10:22 p.m.

ATTEST:

CITY OF DANIA BEACH

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Resolution

Continued from:

Requested Action (Identify appropriate Action or Motion)

ADOPT RESOLUTION AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A ONE (1) YEAR RENEWAL OF THE EXISTING AGREEMENT WITH BEACH RAKER, LLC, FOR BEACH CLEANING SERVICES WHICH SERVICES SHALL NOT EXCEED THE ANNUAL AMOUNT OF ONE HUNDRED SIX THOUSAND ONE HUNDRED FORTY TWO DOLLARS AND FORTY CENTS (\$106,142.40);

Purchasing Requests ONLY

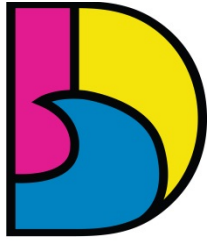
Dept:	Acct #:	Amt:
Fund:		

Fiscal Impact/Cost Summary

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Exhibits Attached

Memo to Commission - Renew Beach Raker Agreement (Fin Rev 8-5-19)., R-2019- Beach Raker First One-Year Renewal, Exhibit A - Agreement - 09-11-18 to 09-11-19, Exhibit B - First Renewal with Beach Raker



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

CITY OF DANIA BEACH PARKS AND RECREATION DEPARTMENT

MEMORANDUM

DATE: August 27, 2019

TO: Honorable Mayor and Commissioners

FROM: Ana M. Garcia, City Manager, ICMA-CM

VIA: Eric Brown, Parks and Recreation Director

RE: Renew Beach Cleaning Agreement with Beach Raker, LLC. for an additional one (1) year period

REQUEST

To approve the resolution to renew the Agreement with Beach Raker, LLC., a Florida Limited Liability Company (the "Contractor") for an additional one (1) year period.

BACKGROUND

On July 26, 2018, the City posted a Request for Proposals ("RFP") No. 2018-006 for beach cleaning services.

On August 29, 2018, the City Bid Selection Committee met and evaluated the sole response received by the Contractor making a recommendation to the City Commission.

On September 11, 2018, the City Commission selected the Contractor (pursuant to RFP No. 2018-006) and approved an Agreement (pursuant to Resolution 2018-125).

On September 11, 2019, the Agreement will expire.

The Contractor has been providing beach cleaning services on Dania Beach for a quite a number of years for the City. They have perfect a perfect safety record, and all their beach cleaning equipment and beach cleaning processes comply with Federal and State environmental and safety laws.

BUDGETARY IMPACT

Funding and appropriations are planned for each year and are available in the City's Beach Professional Services General, Recreational Department Budget Account No. 001-72-02-572-31-10 in the amount of One Hundred Six Thousand One Hundred Forty-Two Dollars and Forty Cents (\$106,142.40).

RECOMMENDATION

It is recommended that the City Commission Approve the Resolution to Renew the Agreement with the Contractor.

RESOLUTION NO. 2019-086

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A ONE (1) YEAR RENEWAL OF THE EXISTING AGREEMENT WITH BEACH RAKER, LLC, FOR BEACH CLEANING SERVICES WHICH SERVICES SHALL NOT EXCEED THE ANNUAL AMOUNT OF ONE HUNDRED SIX THOUSAND ONE HUNDRED FORTY TWO DOLLARS AND FORTY CENTS (\$106,142.40); PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City awarded a contract for beach cleaning services to Beach Raker, LLC, (the “Contractor”), under Request for Proposals (“RFP”) No. 18-006; and

WHEREAS, on September 11, 2018 and pursuant to Resolution No. 2018-125, the City Commission approved the execution of the Agreement, a copy of which is attached as Exhibit “A” and incorporated into this Resolution by this reference; and

WHEREAS, the term of the Agreement is for one (1) year with the City’s sole option to renew for two (2) additional one (1) year periods; and

WHEREAS, the Director of the City Parks and Recreation Department recommends that the City Commission authorize the execution of the First Renewal to the Agreement for a one (1) year period effective through September 11, 2020 for an amount not to exceed One Hundred Six Thousand One Hundred Forty Two Dollars and Forty Cents (\$106,142.40);

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That the proper City officials are authorized to execute the First Renewal to the Agreement with Beach Raker, LLC, which Renewal is attached as Exhibit “B” and incorporated into this Resolution by this reference, for beach cleaning services for an amount not to exceed One Hundred Six Thousand One Hundred Forty-Two Dollars and Forty Cents (\$106,142.40), effective through September 11, 2020.

Section 2. That funding and appropriations are planned for each year and are available in the City’s Beach Professional Services General, Recreational Department Budget Account No. 001-72-02-572-31-10.

Section 3. That the City Manager and City Attorney are authorized to make minor revisions to such Renewal Agreement as are deemed necessary and proper and in the best interests of the City.

Section 4. That all resolutions or parts of resolutions in conflict with this Resolution are repealed to the extent of such conflict.

Section 5. That this Resolution shall be in force and take effect immediately upon its passage and adoption.

PASSED AND ADOPTED on August 27, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

AGREEMENT

This is an Agreement ("Agreement") dated September 11, 2018, between the City of Dania Beach, Florida, a municipal corporation (the "City"), with its principal place of business located at 100 West Dania Beach Boulevard, Dania Beach, Florida 33004, and Beach Raker, LLC, a Florida Limited Liability Company (the "Contractor"), with its principal place of business located at 220 NE 13th Street, Pompano Beach, Florida 33060.

The City requires services which Contractor is capable of providing, under the terms and conditions described in this Agreement. In consideration of the mutual terms, conditions, promises, covenants and payments set forth in this Agreement, the sufficiency and receipt of which are acknowledged and agreed upon. City and Contractor agree as follows:

ARTICLE 1.0 **SERVICES AND RESPONSIBILITIES**

1.1 The Contractor's responsibility under this Agreement is for beach cleaning services for the City as further described in the Scope of Services in Exhibit "A", a copy of which is attached to and incorporated into this Agreement by this reference. In the event there is a conflict between any of the terms in any of the documents contained in any Exhibit to this Agreement and any terms of this Agreement, the terms of this Agreement shall prevail.

1.2 The cost for such services shall not exceed an annual amount of One Hundred Six Thousand One Hundred Forty Two Dollars and Forty Cents (\$106,142.40)

1.3 Contractor represents to City with full knowledge that the City is relying upon these representations when entering into this Agreement with Contractor, that Contractor has the expertise, experience and work force sufficient to timely perform the services to be provided by Contractor, pursuant to the terms of this Agreement.

1.4 The Contractor further represents to the City that it is properly licensed under all applicable federal, state and local agencies to provide the services specified under this Agreement. If any of the Contractor's licenses are revoked, suspended or terminated for any reason by any governmental agency, Contractor shall notify the City immediately.

1.5 Contractor guarantees all services and shall immediately correct any defects or any deficiencies associated with those services, which may appear upon written notification by the City.

ARTICLE 2.0 **TERMS AND CONDITIONS**

2.1 TERM: The term of this Agreement will be for a one (1) year period with the City's sole option to renew for two (2) additional one (1) year periods.

2.2 In the event the services are scheduled to end either by expiration or by termination by the City (at the City's sole discretion), the Contractor shall continue the services, if requested by the City, until new services can be provided by an alternate Contractor chosen by the City. At no time shall this transitional period extend for more than one hundred twenty (120) days beyond the expiration date of the existing Agreement. The Contractor will be reimbursed for those services at the rate in effect when this transitional period clause is invoked by the City.

ARTICLE 3.0

TERMINATION OR SUSPENSION OF AGREEMENT

3.1 TERMINATION BY THE CONTRACTOR

A. The Contractor may terminate this Agreement if the services are stopped for a period of thirty (30) consecutive days through no act or fault of the Contractor, Subcontractor, Sub-subcontractor, their agents or employees, or any other persons performing portions of the services under this Agreement with the Contractor, for any of the following reasons:

1. issuance of an order of a court or other public authority having jurisdiction, or
2. an act of government, such as a declaration of national emergency, making services unnecessary.

B. If one of the above reasons exists, the Contractor may, upon five (5) additional days' written notice to the City, terminate this Agreement and recover from the City the payment for services that were provided.

3.2 TERMINATION BY THE CITY FOR CAUSE

A. The City may terminate this Agreement if the Contractor:

1. refuses or fails to supply enough properly skilled workers, proper equipment, materials, or fails to adhere to the schedule established as adjusted from time to time, pursuant to the terms of this Agreement;
2. fails to comply with laws, ordinances, or rules, regulations or orders of a public authority having jurisdiction, including the City;
3. commits any act or omission that evidences a lack of integrity or honesty or which reflects negatively upon the City, including but not limited to the company or its owners, officers and agents being charged with any act of moral turpitude or any environmental violation;
4. fails to obtain or maintain all insurance coverage required under this Agreement; or

5. otherwise is guilty of substantial breach of a provision under this Agreement or the Request for Proposals;

B. When the City terminates this Agreement, the Contractor shall not be entitled to receive any further payment until the services are completed and approved by the City.

1. All damages, costs and charges incurred by City shall be deducted from any monies due or which may become due to Contractor. In case of damages and expenses so incurred by the City shall exceed the unpaid balance, then Contractor shall be liable and shall pay to the City the amount of such excess.
2. If, after Notice of Termination or Suspension of Contractor's right to proceed, it is determined for any reason that Contractor was not in default, the rights and obligations of the City and Contractor shall be the same as if the Notice of Termination had not been issued, pursuant to the Termination for Convenience clause as set forth below.

3.3 TERMINATION BY THE CITY FOR CONVENIENCE

This Agreement may be terminated for convenience by the City upon fifteen (15) days' advance written notice to Contractor (delivered by certified mail, return receipt requested) of intent to terminate and the date on which such termination becomes effective. In such case, Contractor shall be paid for all acceptable services performed prior to the termination and shall not be entitled to any other costs, fees or payments.

3.4 SUSPENSION OF AGREEMENT BY CITY FOR CAUSE

The City may order the Contractor in writing to suspend or delay services, in whole or in part, for such period of time as deemed necessary by the City, if the Contractor fails to maintain all insurance coverage required under this Agreement. Any delay in the services caused by a lapse in coverage shall be deemed non-excusable, shall not be grounds for a time extension, and shall be subject to any other applicable provisions under this Agreement concerning Contractor delay.

3.5 SUSPENSION BY THE CITY FOR CONVENIENCE

1. The City may, without cause, order the Contractor in writing to suspend or delay services, in whole or in part, for such period of time as the City may determine, and the Contractor shall be entitled to an appropriate time extension.
2. If such suspension exceeds thirty (30) consecutive days, Contractor may also be entitled to an adjustment in the contract sum for increases in cost of performance of the Contract, resulting directly from the suspension or delay, including reasonable profit on such increased cost; provided however, that no adjustment will be made to the extent:

- A. that performance is, was, or would have been so suspended or delayed by another cause for which Contractor is responsible;
- B. that the Contractor fails to adequately document the costs increase;
- C. that the Contractor would have incurred the cost increase regardless of the suspension or delay; or
- D. that an equitable adjustment is made or denied under another provision under this Agreement.

ARTICLE 4.0
COMPENSATION AND METHOD OF PAYMENT

4.1 The Contractor will be compensated on a monthly basis.

4.2 Payment will be made to Contractor at the following address:

Beach Raker, LLC
220 NE 13th Street
Pompano Beach, Florida 33060

4.3 City's acceptance of services shall constitute a waiver of all claims by the City, except for any or all claims arising from the guarantee in this Agreement, unsettled liens, lawsuits, deficiencies or faulty services appearing after final payment is made to the Contractor for such services. The acceptance of payment shall constitute a waiver of all claims against City by the Contractor.

4.4 Contractor shall, before any final payment is made by City, provide City copies of releases of all liens from any and all subcontractors, materials' providers and the like, who or which supplied or furnished any labor, services or materials that were used in the performance of the services. Contractor shall then furnish the City with a "No Lien Affidavit", if applicable. Final payment shall be made upon submission by the Contractor of evidence satisfactory to the City that all payrolls, materials' bills and other costs incurred by the Contractor in connection with the services, have been paid in full, and after all guarantees and specifications for products, materials, or both, incorporated into the services that appear in this Agreement, have been furnished to and found acceptable by the City.

ARTICLE 5.0
CHANGES IN SCOPE OF SERVICES

5.1 City or Contractor may request changes that increase, decrease or otherwise modify the services, as described in this Agreement. These changes may affect the compensation, and, if so, they must be described in a written Amendment to this Agreement, executed by the authorized agents of both of the parties, prior to any deviation from the terms of this Agreement. In no event will Contractor deviate or permit deviation from, the services described in Exhibit "A" attached to this Agreement without the City's advance written consent.

ARTICLE 6.0
PROTECTION OF CITY'S PROPERTY

6.1 At all times during the performance of this Agreement, the Contractor shall protect the City's property and the property of others, from all damage whatsoever on account of Contractor's performance of the requested services.

ARTICLE 7.0
INDEMNIFICATION

7.1 Contractor shall, in addition to any other obligation to indemnify the City and to the fullest extent permitted by law, protect, defend, indemnify and hold harmless the City, including its agents, elected officials and employees from and against all claims, actions, liabilities, losses (including economic losses), or costs arising out of any actual or alleged:

(a) bodily injury, sickness, disease or death, or injury to or destruction of tangible property including the loss of use resulting therefrom, or any other damage or loss arising out of or resulting or claimed to have resulted in whole or in part from any actual or alleged act or omission of the Contractor, anyone directly or indirectly employed by it, or anyone for whose acts any of them may be liable in the performance of the services;

(b) any violation of law, statute, ordinance, governmental administrative order, rule, regulation, or infringement of patent rights by Contractor in the performance of the services;

(c) liens, claims, actions made by the Contractor or any other authorized party performing the services;

(d) claims of whatsoever nature related to collection practices or any actions of a contradictory nature pursuant to contract or in an attempt to collect monies due or claimed to be due to the City.

ARTICLE 8.0
INSURANCE

8.1 The Contractor shall not commence any services under the Agreement until Contractor has obtained all insurance required under this Article, and not until such time that the coverages are approved by the Risk Manager of the City. The Contractor shall not allow any employee of it or any Subcontractor to commence any services on any subcontract until the Subcontractor and all coverages required of any Subcontractor have been obtained and approved by the Risk Manager of the City. In addition, the Contractor shall be responsible for any and all policy deductibles and self-insured retentions.

8.1.1 All certifications of insurance must clearly identify the Agreement to which they pertain, including a brief description of the subject matter of the Agreement. Insurance policies for required coverages shall be issued by companies authorized to do business under the laws of the state of Florida and any such companies' financial ratings must be no less than A-VII in the latest edition of the "Best's Key Rating Guide",

published by A.M. Best Guide. In the event that the insurance carrier's rating shall drop, the insurance carrier shall immediately notify the City in writing.

8.1.2 Coverages shall be in force until all services required to be performed under the terms of the Agreement are satisfactorily completed as evidenced by the formal written acceptance by the City. In the event insurance certificates provided to City indicate that the insurance shall terminate and lapse during the period of the Agreement, then in that event, the Contractor shall furnish, at least thirty (30) days prior to the expiration of the date of such insurance, a renewed Certificate of Insurance as proof that equal and like coverages for the balance of the period of the Agreement. **THE CONTRACTOR AND ANY SUBCONTRACTOR SHALL NOT PERFORM OR CONTINUE ANY SERVICES PURSUANT TO THE AGREEMENT, UNLESS ALL COVERAGES REMAIN IN FULL FORCE AND EFFECT. ANY DELAY IN THE SERVICES CAUSED BY A LAPSE IN COVERAGE SHALL BE NON-EXCUSABLE, SHALL NOT BE GROUNDS FOR A TIME EXTENSION, AND WILL BE SUBJECT TO ANY OTHER APPLICABLE PROVISIONS DESCRIBED IN THE AGREEMENT CONCERNING THE CONTRACTOR'S DELAY.**

The following are requirements that must be met regarding the Contractor's delivery of Certificates of Insurance for all coverages required under the Request for Proposals and this Agreement:

INSURANCE REQUIREMENTS

8.2 The below coverages are minimum limit requirements. Umbrella or Excess Liability policies are acceptable to provide the total required liability limits, as long as the Risk Manager of the City reviews and approves in writing the insurance limits on each of the policies. The City must approve any changes to these specifications and has the right to review and amend coverage requirements. The Contractor shall be held responsible for any modifications, deviations, or omissions in these insurance requirements.

8.2.1 **GENERAL LIABILITY INSURANCE** is to include bodily injury, broad form property damage, products and completed operations, blanket contractual liability with limits of no less than One Million Dollars (\$1,000,000.00) per occurrence, and Two Million Dollars (\$2,000,000.00) annual aggregate. Annual Aggregate shall apply "Per Job".

SPECIAL PROVISIONS AS TO GENERAL LIABILITY INSURANCE: (to be confirmed on or attached to the Official Certificate of Insurance)

- 30 Days' Notice of Cancellation or modification to City (if not available on the insurance policies, then Contractor has responsibility for notification); and
- "The City of Dania Beach, Florida" is named as an Additional "Named" Insured; The products and completed operations coverage shall apply for the City as additional "named" insured for a period of no less than five (5) years following the completion of the Project. Contractor's products and completed operations

policy shall have no time limitation on the coverages for the City's additional "named" insured status. Additional insured coverage shall be no more restrictive than Insurance Services Office (ISO) form CG 2037 (07 04);

- Contractor's insurance shall be primary and non-contributory;
- Waiver of Subrogation in favor of the City.

8.2.2 WORKERS' COMPENSATION INSURANCE shall be maintained by Contractor and any Subcontractors during the term of the Agreement, and it is to apply to all "statutory employees" of the Contractor (as that phrase is defined by Chapter 440, Florida Statutes), in compliance with the "Workers' Compensation Law" of the State of Florida and all applicable federal laws, for the benefit of the Contractor, its employees, and Subcontractors.

- In the case any services are sublet as otherwise addressed in the Agreement or RFP Documents, the Contractor shall require any Subcontractors similarly to provide Workers' Compensation Insurance for all of the latter's employees, in addition to any coverage afforded by the Contractor, by furnishing statutory limits Part A.
- Employer's Liability Part B shall be in an amount of no less than One Million Dollars (\$1,000,000.00) each accident, and One Million Dollars (\$1,000,000.00) annual aggregate.

In no event shall the Contractor be permitted to utilize in the prosecution of the services, the following:

i) any employee, subcontractor or subcontractor employees, who is exempted or purported to be exempt from Workers' Compensation insurance coverage; or

ii) any employee, subcontractor or subcontractor employees, who will be covered by an employee leasing arrangement.

**SPECIAL PROVISIONS AS TO WORKERS' COMPENSATION INSURANCE:
(to be confirmed on or attached to the Official Certificate of Insurance)**

- 30 Days' Notice of Cancellation or modification to City (if not available on the insurance policies, then Contractor has responsibility for notification); and
- Waiver of Subrogation in favor of the City.

8.2.3 AUTOMOBILE LIABILITY INSURANCE shall be maintained with combined single limits of no less than One Million Dollars (\$1,000,000.00) per occurrence, and no less than Two Million Dollars (\$2,000,000.00) annual aggregate, to include coverage for owned, hired, and non-owned vehicles.

SPECIAL PROVISIONS AS TO AUTOMOBILE LIABILITY INSURANCE:
(to be confirmed on or attached to the Official Certificate of Insurance)

- “The City of Dania Beach, Florida” is named as an Additional “Named” Insured;
- 30 Days’ Notice of Cancellation or modification to City (if not available on the insurance policies, then Contractor has responsibility for notification); and
- Waiver of Subrogation in favor of City.

8.2.4 If any subcontractor is used for any portion of any services, then such subcontractor shall provide all insurance coverages as the Contractor.

8.3 The Contractor shall hold the City, its agents and employees, harmless on account of claims for damages to persons, property or premises arising out of the operations to perform the services. The City reserves the right to require Contractor to provide and pay for any other insurance coverage the City deems necessary, depending upon the possible exposure to liability. Current Certificates of Insurance shall be provided and on file with the City at all times.

ARTICLE 9.0
INDEPENDENT CONTRACTOR

9.1 This Agreement does not create an employee/employer relationship between the parties. Contractor agrees that it is not the City’s employee for any purposes, including but not limited to, the application of the Fair Labor Standards Act, minimum wages’ laws and overtime payments, Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, the provisions of the Internal Revenue Code, the Florida Workers’ Compensation Act, and the Florida unemployment insurance law. The Contractor shall retain sole and absolute discretion and exercise its judgment as to the manner and means of carrying out Contractor’s activities and responsibilities toward completion of services. Administrative procedures applicable to services rendered under this Agreement shall be those of Contractor, which policies of Contractor shall not conflict with City, H.U.D., or United States policies, rules or regulations relating to the use of Contractor’s funds provided for in this Agreement. The Contractor agrees that it is a separate and independent enterprise from the City, that it has full opportunity to find other business, that it has made its own investment in its business, and that it will utilize a high level of skill necessary to perform the services. This Agreement shall not be construed as creating any joint employment relationship between the Contractor and the City and the City will not be liable for any obligation incurred by Contractor, including but not limited to unpaid minimum wages, overtime premiums or both.

ARTICLE 10.0
BANKRUPTCY

10.1 It is agreed that if the Contractor is adjudged bankrupt, either voluntarily or involuntarily, then this Agreement shall terminate effective on the date and at the time the bankruptcy petition is filed. Upon such filing of Bankruptcy, Contractor will automatically be in default of this Agreement and provisions of Article 3 will be enforced at City’s discretion.

ARTICLE 11.0
DEFAULT OF AGREEMENT AND REMEDIES

11.1 In case of any default by Contractor, the City shall notify the Contractor in writing of such default and direct Contractor to comply with all terms and conditions of this Agreement. If Contractor does not timely cure such default within seven (7) days after notice was sent by City, City may declare a default of this Agreement, and may notify the Contractor of such declaration of default in writing, and terminate the Agreement.

ARTICLE 12.0
DISPUTE RESOLUTION

12.1 Venue; Fees. All claims, counterclaims, disputes and other matters in question between City and Contractor arising out of, relating to or pertaining to this Agreement, or the breach of it, or the services of it, or the standard of performance required in it, shall be addressed by resort to non-binding mediation as authorized under the laws and rules of Florida; provided, however, that in the event of any dispute between the parties, the parties agree to first negotiate with each other for a resolution of the matter or matters in dispute and, upon failure of such negotiations to resolve the dispute, the parties shall resort to mediation.

If mediation is unsuccessful, any such matter may be determined by litigation in a court of competent jurisdiction in Broward County, Florida, or the Federal District Court of the Southern District of Florida and appropriate appellate courts for such venue and jurisdiction. In any litigation, the parties agree to each waive any trial by jury of any and all issues. In the event of any litigation which arises out of, pertains to, or relates to this Agreement, or the breach of it, or the standard of performance required in it, each party shall bear its own attorney fees and costs.

12.2 Operations during Dispute. In the event that a dispute, if any, arises between the City and the Contractor relating to this Agreement, or its performance or compensation, the Contractor agrees to continue to render service in full compliance with all terms and conditions of this Agreement as required by the City until the dispute is resolved.

ARTICLE 13.0
MISCELLANEOUS

13.1 Legal Representation. It is acknowledged that each party to this Agreement had the opportunity to be represented by counsel in the preparation of this Agreement. Further, the rule that a contract shall be interpreted strictly against the party preparing same shall not apply to this Agreement due to the joint contributions to it of both parties.

13.2 Signature of this Agreement by the Contractor shall also act as the execution of a truth-in-negotiation certificate certifying that the wage rates, over-head charges, and other costs used to determine the compensation provided for in this Agreement are accurate, complete and current as of the date of the Agreement and no higher than those charged the Contractor's most favored customer for the same or substantially similar service. The rates and costs shall be adjusted to exclude any significant sums should the City determine that the rates and costs were increased due to inaccurate, incomplete or non-current wage rates or due to inaccurate presentation of fees paid to outside contractors. The City shall exercise its rights under this clause within three (3) years following final payment.

13.3 Any of Contractor's employees who may come into contact with the public shall perform their duties in an efficient and courteous manner. Contractor shall insure all its personnel are courteous and cooperative and present a neat, clean and professional appearance at all times. Failure of an employee to do so shall be grounds for the City to demand his or her removal from their duties. Contractor shall provide the City with the name and telephone number of a management person who will be on call at all times for emergencies or other matters related to the operations under this Agreement.

ARTICLE 14.0 **ASSIGNMENTS AND AMENDMENTS.**

14.1 This Agreement, and any interests in it, shall not in whole or in part be assigned, subcontracted, transferred in any way or otherwise encumbered, under any circumstances, by Contractor without the prior written consent of City. For purposes of this Agreement, any change of ownership of or controlling interest in Contractor shall constitute an assignment which requires City approval. Violation of the terms of this paragraph shall constitute a breach of this Agreement by Contractor and City may, in its discretion, cancel this Agreement and all rights of Contractor under this Agreement will terminate.

14.2 It is further agreed that no modification, amendment or alteration of the terms or conditions contained in this Agreement shall be effective unless contained in a written document executed by the authorized agents of the parties.

ARTICLE 15.0 **NO CONTINGENT FEES.**

15.1 Contractor warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the Contractor to solicit or secure this Agreement, and that it has not paid or agreed to pay any person, company, corporation, individual or Contractor, other than a bona fide employee working solely for Contractor any fee, commission, percentage, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For the breach or violation of this provision, the City shall have the right to terminate the Agreement without liability and, in its discretion, to deduct from the Agreement price, or otherwise recover the full amount of such fee, commission, percentage, gift or consideration.

ARTICLE 16.0
NOTICES

16.1 Whenever any party desires to give notice to the other party, it must be given by written notice, sent by certified United States mail, with return receipt requested, addressed to the party for whom it is intended. The places for giving of notice shall remain as set forth below until they shall have been changed by written notice in compliance with the provisions of this section. For the present, the Contractor and the City designate the following as the respective persons and places for giving of notice:

City:	City Manager City of Dania Beach, Florida 100 West Dania Beach Boulevard Dania Beach, Florida 33004
Copies to:	Thomas J. Ansbrosio, City Attorney City of Dania Beach, Florida 100 West Dania Beach Blvd. Dania Beach, FL 33004
Contractor:	Beach Raker, LLC 220 NE 13 th Street Pompano Beach, Florida 33060

ARTICLE 17.0
PUBLIC RECORDS

17.1 Contractor shall maintain books, records, documents and other evidence directly pertinent to performance of work under this Agreement in accordance with generally accepted accounting principles and practices. The Contractor shall also maintain the financial information and data used by the Contractor in the preparation of support of any claim for reimbursement for any out-of-pocket expense or cost. The City shall have access to such books, records, documents and other evidence for inspection, audit and copying during normal business hours. The Contractor will provide proper facilities for such access and inspection. Audits conducted under this section shall observe generally accepted auditing standards and established procedures and guidelines of the City. The Florida Public Records Act, Chapter 119 of the Florida Statutes, may have application to records or documents pertaining to this Agreement and Contractor acknowledges that such laws have possible application and agrees to comply with all such laws.

Upon request from the City custodian of public records, Contractor shall provide the City with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided by Chapter 119, Florida Statutes, or as otherwise provided by law.

Unless otherwise provided by law, any and all records, including but not limited to reports, surveys, and other data and documents provided or created in connection with this Agreement are and shall remain the property of the City.

Upon completion of the Services under this Agreement or in the event of termination by either party, any and all public records relating to the Agreement in the possession of the Contractor shall be delivered by the Contractor to the City Manager, at no cost to the City, within seven (7) days. All such records stored electronically by Contractor shall be delivered to the City in a format that is compatible with the City's information technology systems. Once the public records have been delivered upon completion or termination of this Agreement, the Contractor shall destroy any and all duplicate public records that are exempt or confidential and exempt from public records disclosure requirements.

Any compensation due to Contractor shall be withheld until all records are received as provided in this Agreement.

Contractor's failure or refusal to comply with the provisions of this section shall result in the immediate termination of this Agreement by the City.

Section 119.0701(2)(a), Florida Statutes

IF THE CONSULTANT HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS.

Custodian of Records:	THOMAS SCHNEIDER, CMC CITY CLERK
Mailing Address:	100 W. Dania Beach Boulevard Dania Beach, Florida 33004
Telephone number:	954-924-9800, Ext. 3624
Email:	<u>tschneider@daniabeachfl.gov</u>

ARTICLE 18.0 **BINDING AUTHORITY**

18.1 Each person signing this Agreement on behalf of either party individually warrants that he or she has full legal power to execute this Agreement on behalf of the party for whom he or she is signing, and is authorized to bind and obligate such party with respect to all provisions contained in this Agreement.

ARTICLE 19.0
HEADINGS

19.1 Headings in this Agreement are for the convenience of reference only and shall not be considered in any interpretation of this Agreement.

ARTICLE 20.0
SEVERABILITY

20.1 If any provision of this Agreement or application of it to any person or situation shall to any extent be held invalid or unenforceable, the remainder of this Agreement, and the application of such provisions to persons or situations other than those as to which it shall have been held invalid or unenforceable, shall not be affected, and shall continue in full force and effect, and shall be enforced to the fullest extent permitted by law.

ARTICLE 21.0
ALL PRIOR AGREEMENTS SUPERSEDED

21.1 This Agreement incorporates and includes all prior negotiations, correspondence, conversations and understandings applicable to the matters contained in this Agreement, and the parties agree that there are no commitments, agreements or understandings concerning the subject matter of this Agreement that are not contained in this document. Accordingly, it is agreed that no deviation from the terms of this Agreement shall be predicated upon any prior representations or agreements, whether oral or written.

21.2 The Contractor understands and agrees that the City, during any fiscal year, is not authorized to expend money, incur any liability, or enter into any contract which, by its terms, involves the expenditure of money in excess of the amounts budgeted as available for expenditure during such fiscal year and that any contract, verbal or written, made in violation of this subsection is null and void and that consequently, no money may be paid on such contract beyond such limits. Nothing contained in this Agreement shall prevent the making of contracts for periods exceeding one (1) year, but any contract so made shall be executed only for the value of the services to be rendered or agreed to be paid for in succeeding fiscal years. Contractor shall not proceed with services under this Agreement without City's written verification that the funds necessary for Contractor compensation and other necessary expenditures are budgeted as available within the appropriate fiscal year budget.

ARTICLE 22.0
EXTENT OF AGREEMENT

22.1 This Agreement represents the entire and integrated Agreement between the City and the Contractor and supersedes all prior negotiations, representations or agreements, either written or oral.

ARTICLE 23.0
WAIVER

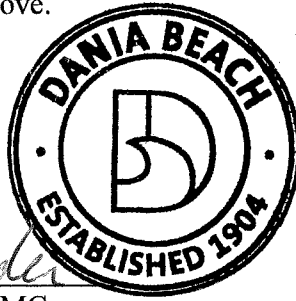
23.1 Failure of the City to insist upon strict performance of any provision or condition of this Agreement, or to enforce any right contained in it, shall not be construed as a waiver or relinquishment for the future of any such provision, condition or right, but the same shall remain in full force and effect.

ARTICLE 24.0
CONFLICT

24.1 In the event there is a conflict between any of the terms in any of the documents contained in any Exhibit to this Agreement and any terms of this Agreement, the terms of this Agreement shall prevail.

SIGNATURES SHOWN ON THE FOLLOWING PAGES

IN WITNESS OF THE FOREGOING, the parties have set their hands and seals the day and year first written above.



ATTEST:

Thomas Schneider
THOMAS SCHNEIDER, CMC
CITY CLERK

CITY:

CITY OF DANIA BEACH, FLORIDA,
a Florida municipal corporation

Tamara James
TAMARA JAMES
MAYOR

Robert Baldwin
ROBERT BALDWIN
CITY MANAGER

APPROVED FOR FORM AND
CORRECTNESS:

Thomas J. Ansbrosio
THOMAS J. ANSBRO
CITY ATTORNEY

CONTRACTOR:
BEACH RAKER, LLC
a Florida Limited Liability Company

[Signature]
Signature

STEVEN STERNICK
PRINT Name

[Signature]
Signature

Griffin Locke
PRINT Name

[Signature]
Signature

George L Jones Jr
PRINT Name

President
TITLE

STATE OF FLORIDA

COUNTY OF BROWARD

BEFORE me on Sept. 10, 2018, personally appeared George L Jones Jr as PRESIDENT of BEACH RAKER, LLC, a Florida limited liability company, on behalf of the company, who acknowledged execution of the foregoing Agreement for the use and purposes mentioned in it, and that the instrument is the act and deed of the Contractor. Such person is personally known to me or produced _____ as identification.

[Signature]
NOTARY PUBLIC
State of Florida

My Commission Expires:



EXHIBIT "A"

SCOPE OF SERVICES

1. **Tide line:** Remove all man-made materials along approximately 2,200 feet of shoreline. Make multiple passes along shoreline with tractor-towed beach cleaner machine as necessary to gather and bury all seaweed. Seaweed will be buried at a minimum depth of 12", which will be in compliance with Florida Department of Environmental Protection ("FDEP") regulations. The City is further requesting light or moderate seaweed be raked and covered with sand to smooth any ruts. If heavy accumulation of seaweed occurs, the City requires that seaweed be picked up and removed from the beach and disposed of in off-site dumpsters.
2. **Upper Beach:** Sanitize and groom upper beach area from ten feet east of dune line, seaward to the high water line. This must provide a smooth cleaned combed appearance to the beach without tire tracks. This service shall only be performed during the months of November through February (outside of turtle nesting season). Special permits must be obtained from the Florida Fish and Wildlife Commission (the "FWCC") on behalf of the City of Dania Beach to use this equipment during turtle season.
3. **Upper Beach, North and South of the Pier:** As required and directed by City (minimum of once per month), sift sand around volleyball and picnic areas on North side of pier and around restaurant area on South side of fishing pier, to remove shells, rocks, bottle caps, cigarette butts and small foreign objects.
4. **Beach Entrances, Walkways, and Playground area:** As required and directed by City (minimum of once per month), sift sand around beach entrance walkways and children's playground areas to remove shells, rocks, bottle caps, cigarette butts, and small foreign objects. At entrances and walkways with wood decking, remove accumulated sand to expose wood decking as necessary and directed by City.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
08/10/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Bouchard Insurance for Frank Crum 101 Starcrest Drive Clearwater, FL 33758	CONTACT NAME:	
	PHONE (A/C, No, Ext):	FAX (A/C, No):
INSURED FrankCrum 12, Inc. Alt Emp: Beach Raker LLC 100 South Missouri Avenue Clearwater, FL 33756	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A: American Zurich Insurance Company	
	INSURER B:	
	INSURER C:	
	INSURER D:	
INSURER E:		
INSURER F:		
NAIC # 40142		

COVERAGES

CERTIFICATE NUMBER: 18FL080969170

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE \$
	☐ CLAIMS-MADE ☐ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence) \$
							MED EXP (Any one person) \$
							PERSONAL & ADV INJURY \$
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$
	☐ POLICY ☐ PROJECT ☐ LOC						PRODUCTS - COMP/OP AGG \$
	OTHER:						\$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident) \$
	☐ ANY AUTO						BODILY INJURY (Per person) \$
	☐ OWNED AUTOS ONLY						BODILY INJURY (Per accident) \$
	☐ HIRED AUTOS ONLY						PROPERTY DAMAGE (Per accident) \$
	☐ SCHEDULED AUTOS						\$
	☐ NON-OWNED AUTOS ONLY						\$
	UMBRELLA LIAB						EACH OCCURRENCE \$
	EXCESS LIAB						AGGREGATE \$
	☐ OCCUR						\$
	☐ CLAIMS-MADE						\$
	DED						\$
	RETENTION \$						\$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			WC 47-58-512-07	06/01/2018	06/01/2019	☒ PER STATUTE ☐ OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)						E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
							E.L. DISEASE - POLICY LIMIT \$ 1,000,000
				Location Coverage Period:	08/09/2018	06/01/2019	Client# B0265-FL

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Coverage is provided for only those co-employees of, but not subcontractors to:
Beach Raker LLC
220 NE 13th St
Pompano Beach, FL 33060

CERTIFICATE HOLDER

City of Dania Beach
100 W. Dania Beach Blvd.
Dania Beach, FL 33004

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

06/20/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER DTRT Insurance Group/ Loyal Clients 12550 West Atlantic Blvd Coral Springs FL 33071		CONTACT NAME: Loma Staab PHONE (A/C, No. Ext): (877) 871-3878 FAX (A/C, No): (855) 329-3878 E-MAIL ADDRESS: info@dtrtinsurance.com	
INSURED BEACH RAKER LLC 220 SE 13TH ST POMPANO BEACH FL 33060		INSURER(S) AFFORDING COVERAGE INSURER A: EVANSTON INSURANCE COMPANY INSURER B: METROPOLITAN CASUALTY INSURANC INSURER C: INSURER D: INSURER E: INSURER F:	
		NAIC # 40169	

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☒ POLICY ☐ PRO-JECT ☐ LOC OTHER:	X		3C08353	05/04/2018	05/04/2019	EACH OCCURRENCE \$ 1,000,000
	DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000						
	MED EXP (Any one person) \$ 5,000						
	PERSONAL & ADV INJURY \$ 1,000,000						
B	☒ AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ONLY ☐ NON-OWNED AUTOS ONLY			CA024324P2018	05/04/2018	05/04/2019	GENERAL AGGREGATE \$ 2,000,000
	PRODUCTS - COMP/OP AGG \$ 2,000,000						
	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000						
	BODILY INJURY (Per person) \$						
A	☒ UMBRELLA LIAB ☐ OCCUR ☒ EXCESS LIAB ☐ CLAIMS-MADE DED RETENTION \$			mklv2eul102476	05/04/2018	05/04/2019	BODILY INJURY (Per accident) \$
	PROPERTY DAMAGE (Per accident) \$						
	EACH OCCURRENCE \$ 1,000,000						
	AGGREGATE \$ 1,000,000						
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A					PR/COMP OPS AGG \$ 1,000,000
	PER STATUTE OTH-ER						
	E.L. EACH ACCIDENT \$						
	E.L. DISEASE - EA EMPLOYEE \$						
							E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

City of Dania Beach 100 W. Boulevard Dania Beach Blvd Mark Felicetty DANIA BEACH FL 33004	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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**FIRST ONE-YEAR RENEWAL OF AGREEMENT BETWEEN THE CITY OF DANIA BEACH,
FLORIDA, AND BEACH RAKER, LLC, A FLORIDA LIMITED LIABILITY COMPANY**

This is a First Renewal of an Agreement (the "Renewal"), which Agreement dated September 11, 2018 (the "Agreement") exists between the City of Dania Beach, Florida, a Florida municipal corporation (the "City") and Beach Raker, LLC, a Florida Limited Liability Company (the "Contractor"), with its principal place of business located at 220 NE 13th Street, Pompano Beach, Florida 33060, for beach cleaning services. A copy of the existing Agreement is attached as Exhibit "A", which is made a part of and incorporated into this Renewal by this reference. The City and Contractor wish to renew the Agreement for a one (1) year period up to and including September 11, 2020.

In consideration of the mutual covenants, terms and conditions contained in the Agreement and in this Renewal of it, and for other good and valuable consideration, the adequacy and receipt of which are acknowledged and agreed upon, the parties agree to the following:

1. That the existing Agreement that was executed on September 11, 2018, is renewed and it shall remain in effect up to and including September 11, 2020.
2. That the terms and conditions of the Agreement will remain the same throughout the term of this Renewal of it.
3. The cost of the one (1) year renewal is a total cost not to exceed One Hundred Six Thousand One Hundred Forty Two Dollars and Forty Cents (\$106,142.40) per year.
4. That in all other respects, the Agreement is ratified and reaffirmed and remains in full force and effect.

IN WITNESS OF THE FOREGOING, the parties have executed this Renewal on _____, 2019.

ATTEST:

CITY:

CITY OF DANIA BEACH, FLORIDA,
a Florida municipal corporation

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED FOR FORM AND
CORRECTNESS:

ANA M. GARCIA, ICMA-CM
CITY MANAGER

THOMAS J. ANSBRO
CITY ATTORNEY

CONTRACTOR:
BEACH RAKER, LLC
a Florida Limited Liability Company

Signature

PRINT Name

Signature

PRINT Name

Signature

PRINT Name

TITLE

STATE OF FLORIDA

COUNTY OF _____

BEFORE me on _____, 2019, personally appeared _____, as _____ of BEACH RAKER, LLC, a Florida limited liability company, on behalf of the company, who acknowledged execution of the foregoing Agreement for the use and purposes mentioned in it, and that the instrument is the act and deed of the Contractor. Such person is personally known to me or produced _____ as identification.

NOTARY PUBLIC
State of Florida

My Commission Expires:

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Resolution

Continued from:

Requested Action (Identify appropriate Action or Motion)

ADOPT RESOLUTION AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A COMMUNITY AESTHETIC FEATURE AGREEMENT (CAFA) IN SUBSTANTIALLY THE SAME FORM AS ATTACHED EXHIBIT “A” WITH THE FLORIDA DEPARTMENT OF TRANSPORTATION (“FDOT”) PENDING LEGAL REVIEW, BETWEEN FDOT AND THE CITY FOR THE SIGN THAT IS LOCATED IN AN FDOT RIGHT-OF-WAY WITHIN THE JURISDICTIONAL BOUNDARIES OF UNINCORPORATED BROWARD COUNTY, FLORIDA

Purchasing Requests ONLY

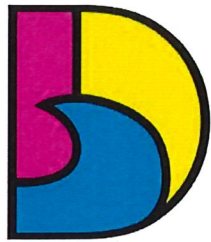
Dept:	Acct #:	Amt:
Fund:		

Fiscal Impact/Cost Summary

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Exhibits Attached

signed FDOT memo, R-2019- FDOT Community Aesthetic Feature (CAFA) Agreement for Entranceway Sign in FDOT ROW (US-1 and Griffin), R-2019- FDOT CAFA Agreement - Exhibit A



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

CITY OF DANIA BEACH
COMMUNITY DEVELOPMENT DEPARTMENT

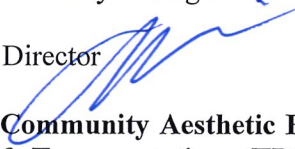
MEMORANDUM

DATE: August 27, 2019

TO: Honorable Mayor and Commissioners

FROM: Ana M. Garcia, City Manager, ICMA-CM

VIA: Candido Sosa-Cruz, Assistant City Manager

BY: Marc C. LaFerrier, AICP, Director 

RE: **Approval to enter into Community Aesthetic Feature Agreement (CAFA) with the Florida Department of Transportation (FDOT) for the Griffin Road / US1 Entranceway Signage**

The Request

Approval to authorize the Community Aesthetic Feature Agreement (CAFA) with the Florida Department of Transportation (FDOT) for the Griffin Road / US1 entranceway signage project located in the FDOT right-of-ways within the jurisdictional boundaries of the City of Dania Beach.

Background

The City Commission previously, in 2013, approved an Interlocal Agreement with Broward County as a settlement regarding the South Runway at Fort Lauderdale International Airport (FLL). This agreement included a \$250,000 commitment by Broward County for the replacement of the City's entrance sign at Griffin Road and US1. Subsequently, the City hired Anthony Abbate Architect PA to design the new sign. This design was later redesigned by Anthony Abbate Architect PA to include the City's new logo and slogan.

On January 8, 2019, the City Commission awarded the bid for the fabrication and installation of the new sign. The new entrance sign at Griffin and US1 is in fabrication and permitting is underway. The new sign is located in unincorporated Broward County and in the FDOT rights-of-way. The FDOT requires the CAFA for final approval. The CAFA ensures that the City will be responsible for the design, process, installation, maintenance or other related responsibilities for the new sign.

Budgetary Impact

Funding for the design and installation of the new entranceway sign has been appropriated. Funding for maintenance of the new entranceway sign will be appropriated in upcoming annual budgets.

Recommendation

Approve the CAFA between the City of Dania Beach and Florida Department of Transportation.

RESOLUTION NO. 2019-087

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A COMMUNITY AESTHETIC FEATURE AGREEMENT (CAFA) IN SUBSTANTIALLY THE SAME FORM AS ATTACHED EXHIBIT "A" WITH THE FLORIDA DEPARTMENT OF TRANSPORTATION ("FDOT") PENDING LEGAL REVIEW, BETWEEN FDOT AND THE CITY FOR THE SIGN THAT IS LOCATED IN AN FDOT RIGHT-OF-WAY WITHIN THE JURISDICTIONAL BOUNDARIES OF UNINCORPORATED BROWARD COUNTY, FLORIDA; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on November 19, 2013, Broward County and the City of Dania Beach entered into an Interlocal Agreement ("ILA"), in which the County agreed to fund the replacement of a new City welcome sign and associated landscaping at a cost not to exceed Two Hundred Fifty Thousand Dollars (\$250,000.00); and

WHEREAS, the City agreed to be responsible for the maintenance, repairs, electrical expenses and associated landscaping related to the new welcome sign; and

WHEREAS, on February 22, 2019 the City Commission entered into an Agreement with Tigo, Inc., d/b/a Expose Yourself, for the fabrication and installation of a new entranceway sign at the southwest corner of U.S. Highway 1 and Griffin Road; and

WHEREAS, as part of the permit approval process, FDOT requires the City to adopt a Resolution stating that the City Commission approves the project and agrees to fund all costs for the design, installation and maintenance of the project; and

WHEREAS, the City Commission deems it to be in the best interest of the residents of the City to approve the project and authorize the proper City officials to execute the Community Aesthetic Feature Agreement following legal review, allowing the City to install the entranceway sign within the FDOT right-of-way; and

WHEREAS, a copy of the Agreement is attached as Exhibit "A" and made a part of and incorporated into this Resolution by this reference;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That the foregoing “Whereas” clauses are ratified and confirmed as being true and correct, and they are made a specific part of and incorporated into this Resolution by this reference.

Section 2. That the City Commission approves a FDOT Community Aesthetic Feature Agreement between the City and FDOT following legal review, which Agreement is attached as Exhibit “A” and made a part of and incorporated into this Resolution by this reference.

Section 3. That all resolutions or parts of resolutions in conflict with this Resolution are repealed to the extent of such conflict.

Section 4. That this Resolution shall be in force and take effect immediately upon passage and adoption.

PASSED AND ADOPTED on August 27, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS

THOMAS J. ANSBRO
CITY ATTORNEY

STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION
COMMUNITY AESTHETIC FEATURE AGREEMENT

625-010-10
ROADWAY DESIGN
OGC - 08/17
Page 1 of 12

State Road/Local Road 5 Section No. _____ CAFA No. _____

This Community Aesthetic Feature Agreement ("Agreement") is entered into this _____ day of _____, between the State of Florida, Department of Transportation ("Department") and City of Dania Beach ("Agency"). The Department and the Agency are sometimes referred to in this Agreement as a "Party" and collectively as the "Parties."

RECITALS

- A. The Agency has requested permission from the Department to install a [**CHOOSE ONE:** ☐ Public Art, ☒ Local Identification Marker] community aesthetic feature on that certain right-of-way owned by the Department which is located on State Road/Local Road SR 5 /SR 818 at MP0 on 818 in Broward County, Florida ("Project").
- B. The Department agrees that transportation facilities enhanced by community aesthetic features can benefit the public, result in positive economic development, and increase tourism both locally and throughout Florida.
- C. The Parties agree to the installation and maintenance of the Project, subject to the terms and conditions in this Agreement.

AGREEMENT

1. **TERM.** The term of this Agreement shall commence upon full execution of this Agreement ("Effective Date") and continue through 10 years, which is determined as the lifespan of the Project, unless terminated at an earlier date as provided in this Agreement. If the Agency does not complete the installation of the Project within twelve (12) days of the Effective Date of this Agreement, the Department may immediately terminate this Agreement. This Agreement may only be renewed for a term no longer than the original term of this Agreement upon a writing executed by both Parties to this Agreement.

2. **PROJECT DESCRIPTION.** The Project is a [**CHOOSE ONE:** ☐ Public Art, ☒ Local Identification Marker], as more fully described in the plans in Exhibit "A", attached and incorporated in this Agreement.

3. **FUNDING OF THE PROJECT.** The Agency has agreed by resolution to approve the Project and to fund all costs for the design, installation, and maintenance of the Project, and such resolution is attached and incorporated in this Agreement as Exhibit "D". The Department shall not be responsible for any costs associated with the Project. All improvements funded, constructed, and installed by the Agency shall remain the Agency's property. However, this permissive use of the Department's right-of-way where the Project is located does not vest any property right, title, or interest in or to the Agency for the Department's right-of-way.

4. **DESIGN AND CONSTRUCTION STANDARDS AND REQUIRED APPROVALS.**

- a. The Agency is responsible for the design, construction, and maintenance of the Project in accordance with all applicable federal, state and local statutes, rules and regulations, including the Department standards and specifications. A professional engineer, registered in Florida, shall provide the certification that all design and construction for the Project meets the minimum construction standards established by the Department and applicable Florida Building Code construction standards. The Agency shall submit all plans or related construction documents, cost estimates, project schedule, and applicable third party agreements to the Department for review and approval prior to installation of the Project. The Agency is responsible for the preparation of all design plans for the Project, suitable for reproduction on 11 inch by 17 inch sheets, together with a complete set of specifications covering all construction requirements for the Project. A copy of the design plans shall be provided to the Department's District Design Engineer, located at 3400 W Commercial Blvd, Fort Lauderdale, FL 33309.
- . The Department will review the plans for conformance to the Department's requirements and feasibility. The Department review shall not be considered an adoption of the plans nor a substitution for the engineer's responsibility for the plans. By review of the plans, the Department signifies only that such plans and improvements satisfies the Department's requirements, and the Department expressly

disclaims all other representations and warranties in connection with the plans, including, but not limited to the integrity, suitability, or fitness for the intended purpose or whether the improvements are constructed in accordance with the plans. The Department's review of the plans does not relieve the Agency, its consultants or contractors of any professional or other liability for the plans. All changes required by the Department shall be made by the Agency and final corrected plans shall be provided to the Department within thirty (30) days.

- b. The Agency shall be responsible for locating all existing utilities, both aerial and underground, and for ensuring that all utility locations be accurately documented on the construction plans. All utility conflicts shall be fully resolved directly with the applicable utility. Section 337.403, Florida Statutes, shall determine whether the utility bears the costs of utility work. The Agency shall bear the costs of utility work not required to be borne by the utility by Section 337.403, Florida Statutes.
- c. The Agency shall be responsible for monitoring construction operations and the maintenance of traffic ("MOT") throughout the course of the Project in accordance with the latest edition of FDOT Standard Specifications, Section 102. The Agency is responsible for the development of a MOT plan and making any changes to that plan as necessary. The MOT plan shall be in accordance with the latest version of FDOT Design Standards, Index 600 series. Any MOT plan developed by the Agency that deviates from FDOT Design Standards must be signed and sealed by a professional engineer. MOT plans will require approval by the Department prior to implementation.
- d. The Agency is responsible for obtaining all permits that may be required by any federal, state, or local agency.
- e. Prior to commencing the Project, the Agency shall request a Notice to Proceed from the Department's Construction Project Manager, Roger Lemieux, at (954) 777-4100 or from an appointed designee.
- f. The Agency is authorized, subject to the conditions in this Agreement, to enter Department's right-of-way to install the Project (see attached Exhibit "B" Special Provisions). The Parties agree that this Agreement creates a permissive use only. Neither the granting of permission to use Department's right-of-way nor the placing of facilities upon Department's right-of-way shall operate to create or vest any property right in or to the Agency. The Agency shall not acquire any right, title, interest, or estate in the Department's right-of-way, of any nature or kind whatsoever, by virtue of the execution, operation, effect, or performance of this Agreement including, but not limited to, the Agency's use, occupancy or possession of the Department's right-of-way.
- g. The Department shall have the right, but not the obligation, to perform independent assurance testing during the course of construction and throughout the maintenance term of the Project. If the Department determines that a condition exists which threatens the public's safety, the Department may, at its discretion, cause the Project to cease and/or immediately have any potential hazards removed from its right-of-way at the sole cost, expense, and effort of the Agency. Should the Agency fail to remove the safety hazard within thirty (30) days, the Department may remove the safety hazard at the Agency's sole cost, expense, and effort.
- h. The Agency shall be responsible to ensure that construction of the Project is performed in accordance with the approved construction documents, and that it will meet all applicable federal, state, and local standards and that the work is performed in accord with the Terms and Conditions contained in Exhibit "C".
- i. The Agency shall notify the Department a minimum of forty eight (48) hours before beginning the Project within the Department's right-of-way. The Agency shall notify the Department should installation be suspended for more than five (5) working days.
- j. Upon completion of the Project, the Agency shall notify the Department in writing of the completion of the installation of the Project. For all design work that originally required certification by a Professional Engineer, the notification shall contain a Responsible Professional's Certification of Compliance, signed and sealed by the responsible professional for the project, the form of which is attached to this

Agreement as Exhibit "E". The certification shall state that work has been completed in compliance with the Project construction plans and specifications. If any deviations are found from the approved plans, the certification shall include a list of all deviations along with an explanation that justifies the reason to accept each deviation. The Agency and its contractors shall remove their presence, including, but not limited to, all of the Agency or its contractor's/ subcontractor's/ consultant's/ subconsultant's property, machinery, and equipment from the Department's right-of-way and shall restore those portions of the Department's right-of-way disturbed or otherwise altered by the Project to substantially the same condition that existed immediately prior to the commencement of the Project, at Agency's sole cost and expense.

- k. If the Department determines that the Project is not completed in accordance with the provisions of this Agreement, the Department shall deliver written notification to the Agency. The Agency shall have thirty (30) days from the date of receipt of the Department's written notice to complete the Project and provide the Department with written notice of the same ("Notice of Completion"). If the Agency fails to timely deliver the Notice of Completion, or if it is determined that the Project is not properly completed after receipt of the Notice of Completion, the Department may: 1) provide the Agency with written authorization granting additional time as the Department deems appropriate to correct the deficiency(ies); or 2) correct the deficiency(ies) at the Agency's sole cost and expense, without Department liability to the Agency for any resulting loss or damage to property, including but not limited to machinery and equipment. If the Department elects to correct the deficiency(ies), the Department shall provide the Agency with an invoice for the costs incurred by the Department and the Agency shall pay the invoice within thirty (30) days of the date of the invoice.
- l. Upon completion of the Project, the Agency shall be responsible for the perpetual maintenance of the Project, including all costs. The maintenance schedule shall include initial defect, instantaneous damage and deterioration components. The initial defect maintenance inspection should be conducted, and any required repairs performed during the construction phase. The instantaneous damage maintenance inspection should be conducted sixty (60) to ninety (90) days after placement and is intended to identify short term damage that does not develop over longer time periods. The deterioration maintenance inspection shall be conducted on regular, longer term intervals and is intended to identify defects and damages that occur by naturally occurring chemical, physical or biological actions, repeated actions such as those causing fatigues, normal or severe environmental influences, abuse or damage due to other causes. Deterioration maintenance shall include, but is not limited to, the following services:

Electrical repair work, correction to damage to components

Landscaping

removal of damaged components

- m. The Agency shall, within thirty (30) days after expiration or termination of this Agreement, remove the Project and restore the right-of-way to its original condition prior to the Project. The Agency shall secure its obligation to remove the Project and restore the right-of-way by providing a removal and restoration deposit, letter of credit, or performance bond in the amount of \$ 0 _____. The removal and restoration deposit, letter of credit, or bond shall be maintained by the Agency at all times during the term of this Agreement and evidence of the deposit, letter of credit, or bond shall be submitted to the Department on an annual basis. A waiver of the deposit, letter of credit, or bond requirement is permitted with approval from the District Maintenance Engineer for those installations with estimated restoration/removal costs less than or equal to \$2000.00.

District Maintenance Engineer, _____ Date: _____.

- n. The Department reserves its right to cause the Agency to relocate or remove the Project, in the Department's sole discretion, and at the Agency's sole cost.

5. INDEMNITY AND INSURANCE.

- a. The Agency agrees to include the following indemnification in all contracts with contractors, subcontractors, consultants, and subconsultants, who perform work in connection with this Agreement:

"The contractor/ subcontractor/ consultant/ subconsultant shall indemnify, defend, save and hold harmless the State of Florida, Department of Transportation and all of its officers, agents or employees from all suits, actions, claims, demands, liability of any nature whatsoever arising out of, because of, or due to any negligent act or occurrence of omission or commission of the contractor/ subcontractor/ consultant/ subconsultant, its officers, agents or employees."

- b. The Agency shall carry or cause its contractor/ subcontractor/ consultant/ subconsultant to carry and keep in force during the period of this Agreement a general liability insurance policy or policies with a company or companies authorized to do business in Florida, affording public liability insurance with combined bodily injury limits of at least \$1,000,000 per person and \$5,000,000 each occurrence, and property damage insurance of at least \$100,000 each occurrence, for the services to be rendered in accordance with this Agreement. Additionally, the Agency or its contractor/ subcontractor/ consultant/subconsultant shall cause the Department to be an additional insured party on the policy or policies, and shall provide the Department with certificates documenting that the required insurance coverage is in place and effective. In addition to any other forms of insurance or bonds required under the terms of the Agreement, when it includes construction within the limits of a railroad right-of-way, the Agency must provide or cause its contractor to obtain the appropriate rail permits and provide insurance coverage in accordance with Section 7-13 of the Department's current Standard Specifications for Road and Bridge Construction, as amended.
- c. The Agency shall also carry or cause its contractor/ subcontractor/ consultant/ subconsultant to carry and keep in force Worker's Compensation insurance as required by the State of Florida under the Worker's Compensation Law.

6. NOTICES. All notices pertaining to this Agreement are in effect upon receipt by either Party, shall be in writing, and shall be transmitted either by personal hand delivery; United States Post Office, return receipt requested; or, overnight express mail delivery. E-mail and facsimile may be used if the notice is also transmitted by one of the preceding forms of delivery. The addresses set forth below for the respective parties shall be the places where notices shall be sent, unless prior written notice of change of address is given.

STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION
DISTRICT 4 PROGRAM MANAGER

Roger LeMieux Permits Coordinator for Broward District IV - Main Office

3400 W. Commercial Blvd Ft. Lauderdale, FL 33309

Phone: 954-777-4372

Fax: _____

City of Dania Beach COUNTY [OR CITY], FLORIDA

100 W. Dania Beach Blvd

Dania Beach, FL 33004

Phone: 954-924-6800 x 3606

Fax: _____

7. TERMINATION OF AGREEMENT. The Department may terminate this Agreement upon no less than thirty (30) days notice in writing delivered by certified mail, return receipt requested, or in person with proof of delivery. The Agency waives any equitable claims or defenses in connection with termination of the Agreement by the Department pursuant to this Paragraph 7.

8. LEGAL REQUIREMENTS.

- a. This Agreement is executed and entered into in the State of Florida and will be construed, performed, and enforced in all respects in strict conformity with local, state, and federal laws, rules, and regulations. Any and all litigation arising under this Agreement shall be brought in a state court of appropriate jurisdiction in Leon County, Florida, applying Florida law.
- b. If any term or provision of the Agreement is found to be illegal or unenforceable, the remainder of the Agreement will remain in full force and effect and such term or provision will be deemed stricken.
- c. The Agency shall allow public access to all documents, papers, letters, or other material subject to the provisions of Chapter 119, Florida Statutes, and made or received by the Agency in conjunction with this Agreement. Failure by the Agency to grant such public access shall be grounds for immediate unilateral cancellation of this Agreement by the Department.
- d. The Agency and the Department agree that the Agency, its employees, contractors, subcontractors, consultants, and subconsultants are not agents of the Department as a result of this Agreement.
- e. The Agency shall not cause any liens or encumbrances to attach to any portion of the Department's right-of-way.

9. PUBLIC ENTITY CRIME. The Agency affirms that it is aware of the provisions of Section 287.133(2)(a), Florida Statutes. A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, Florida Statutes, for CATEGORY TWO for a period of thirty six (36) months from the date of being placed on the convicted vendor list. The Agency agrees that it shall not violate Section 287.133(2)(a), Florida Statutes, and further acknowledges and agrees that any conviction during the term of this Agreement may result in the termination of this Agreement.

10. UNAUTHORIZED ALIENS. The Department will consider the employment of unauthorized aliens, by any contractor or subcontractor, as described by Section 274A(e) of the Immigration and Nationalization Act, cause for termination of this Agreement.

11. NON-DISCRIMINATION. The Agency will not discriminate against any employee employed in the performance of this Agreement, or against any applicant for employment because of age, ethnicity, race, religious belief, disability, national origin, or sex. The Agency shall provide a harassment-free workplace, with any allegation of harassment given priority attention and action by management. The Agency shall insert similar provisions in all contracts and subcontracts for services by this Agreement.

12. DISCRIMINATORY VENDOR LIST. The Agency affirms that it is aware of the provisions of Section 287.134(2)(a), Florida Statutes. An entity or affiliate who has been placed on the discriminatory vendor list may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant

under a contract with any public entity, and may not transact business with any public entity. The Agency further agrees that it shall not violate Section 287.134(2)(a), Florida Statutes, and acknowledges and agrees that placement on the list during the term of this Agreement may result in the termination of this Agreement.

13. **ATTORNEY FEES.** Each Party shall bear its own attorney's fees and costs.

14. **TRAVEL.** There shall be no reimbursement for travel expenses under this Agreement.

15. **PRESERVATION OF REMEDIES.** No delay or omission to exercise any right, power, or remedy accruing to either Party upon breach or default by either Party under this Agreement, will impair any such right, power or remedy of either party; nor will such delay or omission be construed as a waiver of any breach or default or any similar breach or default.

16. **MODIFICATION.** This Agreement may not be modified unless done so in a writing executed by both Parties to this Agreement.

17. **NON-ASSIGNMENT.** The Agency may not assign, sublicense, or otherwise transfer its rights, duties, or obligations under this Agreement without the prior written consent of the Department. Any assignment, sublicense, or transfer occurring without the required prior written approval of the Department will be null and void. The Department will at all times be entitled to assign or transfer its rights, duties, or obligations under this Agreement to another governmental agency in the State of Florida, upon giving prior written notice to the Agency. In the event that the Department approves transfer of the Agency's obligations, the Agency remains responsible for all work performed and all expenses incurred in connection with this Agreement.

18. **BINDING AGREEMENT.** This Agreement is binding upon and inures to the benefit of the Parties and their respective successors and assigns. Nothing in this Agreement is intended to confer any rights, privileges, benefits, obligations, or remedies upon any other person or entity except as expressly provided for in this Agreement.

19. **INTERPRETATION.** No term or provision of this Agreement shall be interpreted for or against any party because that party or that party's legal representative drafted the provision.

20. **ENTIRE AGREEMENT.** This Agreement, together with the attached exhibits and documents made a part by reference, embodies the entire agreement of the Parties. There are no provisions, terms, conditions, or obligations other than those contained in this Agreement. This Agreement supersedes all previous communication, representation, or agreement, either verbal or written, between the Parties. No amendment will be effective unless reduced to writing and signed by an authorized officer of the Agency and the authorized officer of the Department or his/her delegate.

21. **DUPLICATE ORIGINALS.** This Agreement may be executed in duplicate originals.

The remainder of this page is intentionally left blank.

Section No. _____ CAFA No. _____

AGENCY

Clty of Dania Beach

By: _____

Print Name: Lori Lewellen

Title: Mayor

As approved by the Council, Board, or

Commission on: _____

Attest: Thomas Schneider

Legal Review:

Thomas Ansbro

City or County Attorney

DEPARTMENT

State of Florida, Department of Transportation

By: _____

Print Name: _____

Title: _____

Date: _____

Legal Review:

Section No. _____ CAFA No. _____

EXHIBIT "A"

PROJECT DESCRIPTION

I. SCOPE OF SERVICES

[The proposed improvements are to replace the existing, older City of Dania Beach welcome signs with three, signs, facing northeast, west and south in the median of Griffin Rd (SR 818) and US1 (SR 5). The signs will be illuminated with LED lights. COpie sof the plans are included along with day and night renderings.

II. PROJECT PLANS

The Agency is authorized to install the Project in accordance with the attached plans prepared by Anthony Abbate,
Architect

P.E./R.L.A./Architect and dated _____. Any revisions to these plans must be approved by the Department in writing.

Section No. _____ CAFA No. _____

EXHIBIT "B"

SPECIAL PROVISIONS

n/a

Section No. _____ CAFA No. _____

EXHIBIT "C"

TERMS AND CONDITIONS FOR INSTALLATION OF THE PROJECT

see attached plans and shop drawings

Section No. _____ CAFA No. _____

EXHIBIT "D"

AGENCY RESOLUTION

Section No. _____ CAFA No. _____

EXHIBIT "E"

NOTICE OF COMPLETION AND RESPONSIBLE PROFESSIONAL'S
CERTIFICATE OF COMPLIANCE

NOTICE OF COMPLETION

COMMUNITY AESTHETIC FEATURE AGREEMENT
Between
THE STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION
and _____

PROJECT DESCRIPTION: _____

In accordance with the Terms and Conditions of the Community Aesthetic Feature Agreement, the undersigned provides notification that the work authorized by this Agreement is complete as of _____, 20_____.

By: _____

Name: _____

Title: _____

RESPONSIBLE PROFESSIONAL'S CERTIFICATION OF COMPLIANCE

In accordance with the Terms and Conditions of the Community Aesthetic Feature Agreement, the undersigned certifies that all work which originally required certification by a Professional Engineer has been completed in compliance with the Project construction plans and specifications. If any deviations have been made from the approved plans, a list of all deviations, along with an explanation that justifies the reason to accept each deviation, will be attached to this Certification. Also, with submittal of this certification, the Agency shall furnish the Department a set of "as-built" plans certified by the Engineer of Record.

By: _____

Name: _____

Date: _____

SEAL:

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Resolution

Continued from:

Requested Action (Identify appropriate Action or Motion)

ADOPT RESOLUTION AUTHORIZING AN APPROPRIATION OF FUNDS RELATING TO BUILDING CODE SERVICES PERFORMED BY THE BROWARD COUNTY PERMITTING, LICENSING AND CONSUMER PROTECTION DIVISION OF THE ENVIRONMENTAL PROTECTION AND GROWTH MANAGEMENT DEPARTMENT UNTIL THE END OF THE FISCAL YEAR 2018-2019, INCREASING THE NOT TO EXCEED AMOUNT FROM ONE MILLION DOLLARS (\$1,000,000.00) TO ONE MILLION FOUR HUNDRED TWENTY THOUSAND DOLLARS (\$1,420,000.00); PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

Purchasing Requests ONLY

Dept:

Acct #:

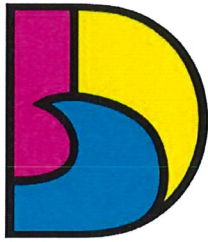
Amt:

Fund:

Fiscal Impact/Cost Summary

Exhibits Attached

signed BC memo, R-2019- Broward County Building Code Services Increasing NTE Amount to \$1.42M



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

CITY OF DANIA BEACH
COMMUNITY DEVELOPMENT DEPARTMENT

MEMORANDUM

DATE: August 27, 2019

TO: Honorable Mayor and Commissioners

FROM: Ana M. Garcia, City Manager, ICMA-CM

VIA: Candido Sosa-Cruz, Assistant City Manager

BY: Marc C. LaFerrier, AICP, Director 

RE: **Approval of funding appropriation for Building Code Services provided by Broward County Permitting, Licensing and Consumer Protection Division for the remaining 2018-2019 fiscal year**

The Request

Approval of a budget transfer in the amount of four hundred and twenty thousand dollars, (\$420,000.00) for Building Code Services provided by Broward County Permitting, Licensing and Consumer Protection Division for the remaining 2018-2019 fiscal year.

Background

The building permitting plan review and inspection services provided by the Community Development Department have increased significantly in recent years. This significant increase in construction activity translates into additional costs for contracted building code services with our providers.

The current FY 2018-2019 budget provided funding for one million dollars (\$1,000,000.00) for Building Code services with Broward County Permitting, Licensing and Consumer Protection Division. However, due to the significant increase in construction the Community Development Department is requesting an increase to the current purchase order #2019-115 in the amount of Four Hundred Twenty Thousand Dollars (\$420,000.00) for the remainder of fiscal year 2018-2019. On September 25, 2018 the City Commission approved by ordinance (O2018-021) expenditures of Broward County for Building Code Services to exceed one million dollars.

The bids for the supplemental building code services were received on August 16, 2019. The bid review committee is scheduled to meet on August 29, 2019.

Budgetary Impact

A budget transfer in the amount of \$420,000.00 from the Building Fund's Reserve Account No. 107-271-00-00, into the Building Fund, Professional Services, Account No. 107-15-02-524-31-10.

Recommendation

Approval of a budget transfer in the amount of four hundred and twenty thousand dollars (\$420,000.00)

RESOLUTION NO. 2019-088

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING AN APPROPRIATION OF FUNDS RELATING TO BUILDING CODE SERVICES PERFORMED BY THE BROWARD COUNTY PERMITTING, LICENSING AND CONSUMER PROTECTION DIVISION OF THE ENVIRONMENTAL PROTECTION AND GROWTH MANAGEMENT DEPARTMENT UNTIL THE END OF THE FISCAL YEAR 2018-2019, INCREASING THE NOT TO EXCEED AMOUNT FROM ONE MILLION DOLLARS (\$1,000,000.00) TO ONE MILLION FOUR HUNDRED TWENTY THOUSAND DOLLARS (\$1,420,000.00); PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Charter of the City of Dania Beach, Part III, Article 3, Section 4, Subsection (j), authorizes the City Manager to purchase supplies, services, equipment and materials for the City government in amounts in excess of the established monetary threshold without competitive bidding and without advertisement for bids if she is authorized to do so in advance by a resolution adopted by the City Commission; and

WHEREAS, on September 11, 2018, the City Commission approved Ordinance No. 2018-021 on second reading for Broward County Permitting, Licensing and Consumer Protection Division of the Environmental Protection and Growth Management Department to exceed One Million Dollars (\$1,000,000.00) for future fiscal years; and

WHEREAS, the City currently has an agreement with Broward County dated October 1, 2018 through September 30, 2020;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That the City Commission approves an additional Four Hundred Twenty Thousand Dollars (\$420,000.00) in appropriations and expenditures incurred by Community Development for building code services from Broward County Permitting, Licensing and Consumer Protection Division of the Environmental Protection and Growth Management Department during Fiscal Year 2018-2019, bringing the total approved temporary staffing purchase from Broward County Permitting, Licensing and Consumer Protection Division of the Environmental Protection and Growth Management Department by Community Development to an amount not to exceed One Million Four Hundred Twenty Thousand Dollars \$1,420,000.00.

Section 2. That initial funding for the Community Development Department on Purchase Order Number 2019-115 issued on December 4, 2018 in the amount of One Million Dollars (\$1,000,000.00) was already authorized and shall now be amended and increased by an amount of Four Hundred Twenty Thousand Dollars (\$420,000.00), resulting in a total current approved purchase amount not to exceed One Million Four Hundred Twenty Thousand Dollars (\$1,420,000.00) for Broward County Permitting, Licensing and Consumer Protection Division of the Environmental Protection and Growth Management Department for services provided to the Community Development Department.

Section 3. That this additional Four Hundred Twenty Thousand Dollars (\$420,000.00) shall be appropriated from Building Fund Reserve Account Number 107-271-00-00.

Section 4. That all resolutions or parts of resolutions in conflict with this Resolution are repealed to the extent of such conflict.

Section 5. That this Resolution shall become effective upon its passage and adoption.

PASSED and ADOPTED on August 27, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Consent Agenda

Continued from:

Requested Action (Identify appropriate Action or Motion)

TO APPROVE AND ADOPT A RESOLUTION OF THE CITY OF DANIA BEACH,FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A RETROACTIVE RENEWAL OF THE EXISTING AGREEMENT FOR CONSTRUCTION SERVICES FOR CONCRETE AND ASPHALT REPAIRS AND RECONSTRUCTION WITHIN CITY ROADS RIGHTS OF WAY BY METRO EXPRESS, INC. UNDER THE SOUTHEAST FLORIDA GOVERNMENTAL COOPERATIVE GROUP INVITATION TO BID NO. ITB 15-16-0369 (A), VALID FROM OCTOBER 1, 2018 THROUGH FEBRUARY 8, 2020, IN AN AMOUNT THAT WILL EXCEED THE ANNUAL VENDOR THRESHOLD AMOUNT OF TWENTY FIVE DOLLARS (\$25,000.00) EACH YEAR THE CONTRACT IS IN PLACE AND AUTHORIZING SUCH PURCHASES THAT ARE TO BE MADE WITHIN THE DEPARTMENT APPROVED ANNUAL BUDGET APPROPRIATIONS; PROVIDING FOR CONFLICTS; FURHTER, PROVIDIMNG FOR AN EFFECTIVE DATE.

Purchasing Requests ONLY

Dept:

Acct #:

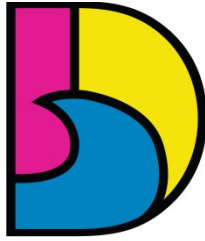
Amt:

Fund:

Fiscal Impact/Cost Summary

Exhibits Attached

COMM-MEMO-METROEXPRESSPIGGYBCK-MGDNS-082719 (Fin Rev 8-16-19)., R-2019- Metro Express Retroactive Renewal of Agreement for Concrete and Asphalt Construction Services, Retroactive RENEWAL Agreement for Metro Express 2018-2019 (REV 8-21-19), City of Miami Gardens Resolution 2018-208-3622 Sidewalk Replacement_, Metro Express Renewal No. 1 - 02-24-19 to 02-23-19R



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

CITY OF DANIA BEACH PUBLIC SERVICES DEPARTMENT

MEMORANDUM

DATE: August 27, 2019

TO: Honorable Mayor and Commissioners

VIA: Ana M. Garcia, ICMA- CM, City Manager

FROM: Fernando J. Rodriguez, Public Services Director

RE: Metro Express, Inc. Contract ITB 15-16-039 - Retroactive Agreement Renewal

Request

City administration is requesting City Commission authorization to retroactively approve the Metro Express, Inc. Agreement for asphalt and concreted work valid October 01, 2018 through February 08, 2020, utilizing the Southeast Florida Governmental Cooperative Group Invitation to Bid No. ITB 15-16-039(A) with the City of Miami Gardens. This request will exceed the annual vendor threshold of \$25,000.00 for fiscal year 2018-2019, with options for renewals up to fiscal year 2021-22.

Background

The City has the frequent need to repair and replace public sidewalks, curbs and gutters, resurface and repair roadways, perform swale improvements, and other related activities on public right-of-ways. The Public Services Department is recommending approval to utilize the Southeast Florida Governmental Cooperative Bid ITB No. 15-16-039(A) to avail itself of services from Metro Express for this important work. The Department is also requesting to have an annual renewal clause option to be exercised as long the vendor remains in good standing and for as long as their agreement with the City of Miami Gardens (under the Southeast Florida Governmental Cooperative Group) is in force and active. It is important to note that Metro Express Inc. has historically been a reliable, responsive vendor for the city and their work is of consistent high quality.

Budgetary Impact

That all Department purchases for Metro Express Inc. shall be subject to and made within the respective Departments' approved annual budget appropriations and will exceed the annual \$25,000.00 threshold each fiscal year the contract is in place.

Recommendation

City administration recommends City Commission to authorize entering into a retroactive renewal agreement with Metro Express Inc., utilizing the Southeast Florida Governmental Cooperative Group Invitation to Bid No. ITB 15-16-039(A) with the City of Miami Gardens. Additionally, authorization to exceed the City's annual threshold of \$25,000.00 is recommended.

RESOLUTION NO. 2019-089

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A RETROACTIVE RENEWAL OF THE EXISTING AGREEMENT FOR CONSTRUCTION SERVICES FOR CONCRETE AND ASPHALT REPAIRS AND RECONSTRUCTION WITHIN CITY ROAD RIGHTS OF WAY BY METRO EXPRESS, INC. UNDER THE SOUTHEAST FLORIDA GOVERNMENTAL COOPERATIVE GROUP INVITATION TO BID NO. ITB 15-16-039 (A), VALID FROM OCTOBER 1, 2018 THROUGH FEBRUARY 8, 2020, IN AN AMOUNT THAT WILL EXCEED THE ANNUAL VENDOR THRESHOLD AMOUNT OF TWENTY FIVE THOUSAND DOLLARS (\$25,000.00) EACH YEAR THE CONTRACT IS IN PLACE AND AUTHORIZING SUCH PURCHASES THAT ARE TO BE MADE WITHIN THE DEPARTMENT APPROVED ANNUAL BUDGET APPROPRIATIONS; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Charter of the City of Dania Beach, Part III, Article 3, Section 4, Subsection (j), authorizes the City Manager to purchase supplies, services, equipment and materials for the City government in amounts in excess of the established monetary threshold without competitive bidding and without advertisement for bids if she is authorized to do so in advance by a resolution adopted by the City Commission and if such purchases are made pursuant to a competitive bid obtained within the last eighteen (18) months by other government agencies, such as the federal government, state of Florida or a Florida municipality or county; and

WHEREAS, the Dania Beach Code of Ordinances, Chapter 2, Article 1, Section 2-10, "Monetary thresholds for certain purchases and payment disbursement authorizations", Subsection (a), sets the monetary threshold or limitation at \$25,000.00; and

WHEREAS, the City is requesting a retroactive renewal of the City of Miami Gardens contract ITB No. 15-16-039 (A) with Metro Express, Inc., for sidewalk replacement materials, sidewalk construction services, concrete and asphalt repair material services dated October 1, 2018 through February 23, 2020, under the terms of the Southeast Florida Governmental Cooperative Invitation to Bid Contract No. ITB 15-16-039 (A), which provides for a four (4) year renewal option, subject to approval of both the City of Miami Gardens and Metro Express Inc.; and

WHEREAS, the City of Miami Gardens has renewed the existing Agreement, February 24, 2019, through February 23, 2020, a copy of which is attached as Exhibit “A” and is incorporated into this Resolution by this reference; and

WHEREAS, the City of Miami Gardens will continue the Agreement for the optional four (4) year renewal with no increase in cost; and

WHEREAS, City Administration recommends the existing agreement with Metro Express, Inc., be retroactively approved and extended to provide sidewalk replacement, sidewalk constructions services, concrete and asphalt repair material services; and

WHEREAS, Metro Express, Inc. expenditures are anticipated to exceed the City vendor threshold of Twenty Five Thousand Dollars (\$25,000.00);

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That the foregoing “Whereas” clauses are ratified and confirmed to be true and correct and they are made a part of and are incorporated into this Resolution by this reference.

Section 2. That the proper City officials are authorized to execute a retroactive renewal Agreement of an existing Agreement with Metro Express Inc., for sidewalk replacement and installation, a copy of which renewal document is attached as Exhibit “B” and is incorporated into this Resolution by this reference.

Section 3. That all Department purchases for Metro Express Inc. shall be subject to and made within the Department’s approved annual budget appropriations and will exceed the annual fiscal year vendor threshold of Twenty Five Thousand Dollars (\$25,000.00) each year the contract is in place.

Section 4. That all resolutions or parts of resolutions in conflict with this Resolution are repealed to the extent of such conflict.

Section 5. That this Resolution shall be retroactive to October 1, 2018 and shall be in force and take effect immediately upon its passage and adoption.

PASSED AND ADOPTED on August 27, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

RENEWAL TO AN AGREEMENT BETWEEN THE CITY OF DANIA BEACH, FLORIDA AND METRO EXPRESS, INC., A FLORIDA CORPORATION, FOR CONSTRUCTION SERVICES FOR CONCRETE AND ASPHALT REPAIRS AND RECONSTRUCTION WITHIN CITY ROAD RIGHTS OF WAY, UNDER THE SOUTHEAST FLORIDA GOVERNMENTAL PURCHASING COOPERATIVE GROUP ITB NO. 15-16-039(A)

This is a Renewal ("Renewal") to the Agreement ("Agreement") dated _____, 2019, between the City of Dania Beach, Florida, a Florida municipal corporation ("City"), with its principal place of business located at 100 West Dania Beach Boulevard, Dania Beach, Florida 33004 and Metro Express, Inc., a Florida corporation ("Contractor"), with its principal mailing address of 9442 Northwest 109 Street, Medley, Florida 33178.

In consideration of the mutual covenants, terms and conditions contained in this Renewal, and other good and valuable consideration, the adequacy and receipt of which are acknowledged and agreed upon, the parties agree to the following:

1. The current agreement, and any amendment(s) to it, under the Southeast Florida Governmental Purchasing Cooperative Group ITB No. 15-16-039(A), between the Contractor and with the City of Miami Gardens as lead agency, copies of which ITB (an "Invitation to Bid") and Agreement are attached as Exhibit "A", and made a part of and is incorporated into this Renewal by this reference, shall be considered a part of this Agreement between the City and the Contractor; provided, however, that if Contractor contracts with any other governmental agency in Florida and service rates are lower than those afforded to any city for these same services, then Contractor shall provide such lower rates to the City.
2. City agrees to pay the Contractor an amount not to exceed Two Hundred Thousand Dollars (\$200,000.00) each fiscal year, for the purchase of sidewalk replacement materials and sidewalk construction services, including compliance with the Americans with Disabilities Act and the City's 50/50 Sidewalk Program.
3. The term of this Agreement shall be effective retroactively to October 1, 2018 through February 23, 2020. In addition, the City reserves the right to renew the Agreement for three (3) additional one (1) year extensions providing that both parties agree in writing that all terms, conditions and specifications remain the same, contingent upon approval by the City Manager.
4. That in all other respects, the terms of Exhibit "A" apply to this Agreement.

IN WITNESS OF THE FOREGOING, the parties have set their hand and seal the day and year first written above.

**CITY OF DANIA BEACH, FLORIDA,
a Florida municipal corporation**

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO LEGAL FORM
AND CORRECTNESS;

THOMAS J. ANSBRO
CITY ATTORNEY

ANA M. GARCIA, ICMA-CM
CITY MANAGER

WITNESSES:

Signature

PRINT Name

Signature

PRINT Name

STATE OF FLORIDA)
COUNTY OF _____)

The foregoing instrument was acknowledged before me on _____, 2019, by _____, as _____ of Metro Services, Inc., a Florida corporation, on behalf of the corporation. He/she is personally known to me or has produced _____ as identification.

My Commission Expires:

CONTRACTOR:
METRO EXPRESS, INC. a Florida corporation

Signature

PRINT Name

Title

Dated: _____, 2017

Notary Public, State of Florida

Print Name

RESOLUTION NO. 2018-208-3622

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA, AUTHORIZING THE SECOND RENEWAL OF INVITATION TO BID NO. 15-16-039(A), SIDEWALK REPLACEMENT & INSTALLATION ANNUAL CONTRACT REBID, TO METRO EXPRESS, INC., AUTHORIZING THE CITY MANAGER TO ISSUE PURCHASE ORDERS ON AN AS NEEDED BASIS, NOT TO EXCEED THE 2019 ALLOCATED BUDGET FOR THE REPLACEMENT AND INSTALLATION OF SIDEWALK REPLACEMENT; PROVIDING FOR THE ADOPTION OF REPRESENTATIONS; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City's Public Works Department continues to install, repair and replace sidewalks throughout the City on an as needed basis, and

WHEREAS, part of the Citizen's Independent Transportation Trust (CITT), People's Transportation Plan – ½ Cents Transportation Tax (PTP) is to install new sidewalks to include the American Disability Act (ADA) required upgrades as roads are resurfaced throughout the community on an annual basis, and

WHEREAS, on October 17, 2016, Invitation to Bid (ITB) No. 15-16-039(A), Sidewalk Replacements & Installation Annual Contract Rebid was solicited via BidSync, and

WHEREAS, on February 8, 2017, under Resolution Number 2017-28-3133, the City Council approved the award of Invitation To Bid (ITB) Number No. 15-16-039(A), Sidewalk Replacements & Installation Annual Contract Rebid to Metro Express, Inc., and authorized the City Manager to issue purchase orders on an as needed basis not to exceed the allocated budget for the replacement and installation of sidewalk replacement, and

WHEREAS, the current contract allows for annual renewals, and

WHEREAS, the initial term of the agreement was for a one (1) year period with an option to renew annually for four (4) one(1) year periods, and

WHEREAS, this is the second contract renewal, and

WHEREAS, Staff recommends the City Council approve the second renewal of of Invitation to Bid No. 15-16-039(A), Sidewalk Replacement & Installation Annual Contract Rebid to Metro Express, Inc., and authorize the City Manager to issue purchase orders on an as needed basis not to exceed the 2019 allocated budget for the replacement and installation of sidewalk replacement,

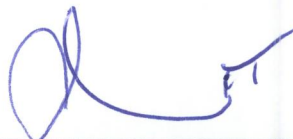
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA AS FOLLOWS:

Section 1: ADOPTION OF REPRESENTATIONS: The foregoing Whereas paragraphs are hereby ratified and confirmed as being true, and the same are hereby made a specific part of this Resolution.

Section 2: AUTHORIZATION: The City Council of the City of Miami Gardens hereby authorizes the second renewal of Invitation to Bid No. 15-16-039(a), Sidewalk Replacement & Installation Annual Contract Rebid to Metro Express, Inc., and further authorizes the City Manager to issue purchase orders on an as needed basis, not to exceed the 2019 allocated budget for the replacement and installation of sidewalk replacement.

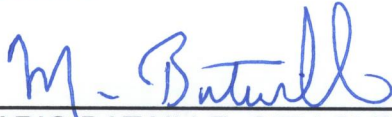
Section 3: EFFECTIVE DATE: This Resolution shall take effect immediately upon its final passage.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS AT ITS REGULAR MEETING HELD ON DECEMBER 12, 2018.

A handwritten signature in blue ink, appearing to read 'Oliver Gilbert, III', is written over a horizontal line.

OLIVER GILBERT, III, MAYOR

ATTEST:



MARIO BATAILLE, CITY CLERK

PREPARED BY: SONJA KNIGHTON DICKENS, CITY ATTORNEY
SPONSORED BY: CAMERON BENSON, CITY MANAGER

Moved by: Mayor Gilbert
Seconded by: Councilman Williams

VOTE: 6-0

Mayor Oliver Gilbert, III	<u>X</u> (Yes)	<u> </u> (No)
Vice Mayor Rodney Harris	<u>X</u> (Yes)	<u> </u> (No)
Councilwoman Katrina Wilson	<u>X</u> (Yes)	<u> </u> (No)
Councilman Erhabor Ighodaro, Ph.D.	<u>X</u> (Yes)	<u> </u> (No)
Councilwoman Lillie Q. Odom	<u> </u> (Yes)	<u> </u> (No) (absent)
Councilman Reggie Leon	<u>X</u> (Yes)	<u> </u> (No)
Councilman David Williams Jr	<u>X</u> (Yes)	<u> </u> (No)

FIRST AMENDMENT TO AN EXISTING AGREEMENT BETWEEN THE CITY OF DANIA BEACH AND METRO EXPRESS, INC., A FLORIDA CORPORATION, TO EXPAND THE ORIGINAL SCOPE OF SERVICES TO INCLUDE ASPHALT REPAIR SERVICES

This is a First Amendment (the "Amendment") to an Agreement (the "Agreement") dated January 8, 2018, between the City of Dania Beach, Florida, a Florida municipal corporation ("City"), and Metro Express, Inc., a Florida corporation ("Contractor"), with its principal mailing address of 9442 Northwest 109 Street, Medley, Florida 33178. A copy of the Agreement is attached as Exhibit "A", and it is made a part of and is incorporated into this Amendment by this reference.

In consideration of the mutual covenants, terms and conditions contained in the Amendment, and other good and valuable consideration, the adequacy and receipt of which are acknowledged, the parties agree as follows:

1. The existing Agreement to provide sidewalk replacement materials and sidewalk construction services is amended to expand the scope of services to include concrete and asphalt repair material and services.
2. That in all other respects, the Agreement is ratified and reaffirmed, and remains in full force and effect.

IN WITNESS OF THE FOREGOING, the parties have executed this Amendment effective as of July 18, 2018.



ATTEST:

Thomas Schneider
THOMAS SCHNEIDER, CMC
CITY CLERK

CITY:

CITY OF DANIA BEACH, FLORIDA
a Florida Municipal Corporation
Tamara James
TAMARA JAMES, MAYOR

APPROVED FOR FORM AND CORRECTNESS

Thomas J. Ansbro
THOMAS J. ANSBRO
CITY ATTORNEY

Robert Baldwin
ROBERT BALDWIN
CITY MANAGER

WITNESSES:

[Signature]
Signature
Angel Fernandez
PRINT Name

Signature

PRINT Name

CONTRACTOR:

METRO EXPRESS, INC. a Florida corporation

[Signature]
Signature
Delio A. Trasobares
PRINT Name

President
Title

Dated: 07/10/, 2018

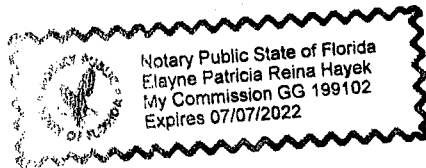
STATE OF FLORIDA)
COUNTY OF Dade)

The foregoing instrument was acknowledged before me on July 10th, 2018, by Delio Trasobares, as President of Metro Services, Inc., a Florida corporation, on behalf of the corporation. He/she is personally known to me or has produced _____ as identification.

My Commission Expires:

[Signature]
Notary Public, State of Florida

Print Name



AGREEMENT BETWEEN THE CITY OF DANIA BEACH, FLORIDA AND METRO EXPRESS, INC., A FLORIDA CORPORATION, FOR THE PURCHASE OF SIDEWALK REPLACEMENT MATERIALS AND PROVIDING FOR SIDEWALK CONSTRUCTION SERVICES, UNDER THE SOUTHEAST FLORIDA GOVERNMENTAL PURCHASING COOPERATIVE GROUP ITB NO. 15-16-039(A)

This is an Agreement ("Agreement") dated JANUARY 8, 2018, ~~2017~~, between the City of Dania Beach, Florida, a Florida municipal corporation ("City"), with its principal place of business located at 100 West Dania Beach Boulevard, Dania Beach, Florida 33004 and Metro Express, Inc., a Florida corporation ("Contractor"), with its principal mailing address of 9442 Northwest 109 Street, Medley, Florida 33178.

In consideration of the mutual covenants, terms and conditions contained in this Agreement, and other good and valuable consideration, the adequacy and receipt of which are acknowledged and agreed upon, the parties agree to the following:

1. The current agreement, and any amendment(s) to it, under the Southeast Florida Governmental Purchasing Cooperative Group ITB No. 15-16-039(A), between the Contractor and with the City of Miami Gardens as lead agency, copies of which ITB (an "Invitation to Bid") and Agreement are attached as Exhibit "A", and made a part of and is incorporated into this Agreement by this reference, shall be considered a part of this Agreement between the City and the Contractor; provided, however, that if Contractor contracts with any other governmental agency in Florida and service rates are lower than those afforded to any city for these same services, then Contractor shall provide such lower rates to the City.
2. City agrees to pay the Contractor an amount not to exceed Two Hundred Thousand Dollars (\$200,000.00) each fiscal year, for the purchase of sidewalk replacement materials and sidewalk construction services, including compliance with the Americans with Disabilities Act and the City's 50/50 Sidewalk Program.
3. The term of this Agreement shall be effective retroactively to October 1, 2017 through September 30, 2018. In addition, the City reserves the right to renew the Agreement for four (4) additional one (1) year extensions providing that both parties agree in writing that all terms, conditions and specifications remain the same, contingent upon approval by the City Manager.
4. That in all other respects, the terms of Exhibit "A" apply to this Agreement.

IN WITNESS OF THE FOREGOING, the parties have set their hand and seal the day and year first written above.

CITY OF DANIA BEACH, FLORIDA,
a Florida municipal corporation

Louise Stilson
LOUISE STILSON, CMC
CITY CLERK



Tamara James
TAMARA JAMES
MAYOR

APPROVED AS TO LEGAL FORM
AND CORRECTNESS;

Thomas J. Ansero
THOMAS J. ANSERO
CITY ATTORNEY

Col Donnelly 1/3/2018
ROBERT BALDWIN
CITY MANAGER

Colin Donnelly
Asst. City Manager

WITNESSES:

[Signature]
Signature
[Signature]
PRINT Name

[Signature]
Signature
Ernesto Feliciano
PRINT Name

CONTRACTOR:
METRO EXPRESS, INC. a Florida
corporation

[Signature]
Signature
Delio A. Trasobares
PRINT Name

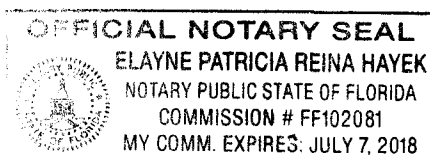
President
Title

Dated: 12/12/17, 2017

STATE OF FLORIDA)
COUNTY OF Miami Dade

The foregoing instrument was acknowledged before me on 12/12, 2017, by Delio A. Trasobares, as President of Metro Services, Inc., a Florida corporation, on behalf of the corporation. He/she is personally known to me or has produced as identification.

My Commission Expires:



[Signature]
Notary Public, State of Florida
Elayne P. Reina H.
Print Name



**Southeast Florida Governmental Purchasing
Cooperative Group**

CONTRACT AWARD

Please complete each of the applicable boxes and submit with bid documents, award notices and tabulations to lpiper@myboca.us for placement on the NIGP SEFL website Cooperative contract page.

BID/RFP No. ITB 15-16-039(A)

Description/Title: Sidewalk Replacement and Installation

Initial Contract Term: Start Date: 02/24/2017 End Date: 02/23/2018

Renewal Terms of the Contract: 4 (No. of Renewals) Renewal Options for 1 (Period of Time)

Renewal No. 1 Start Date: 02/24/2018 End Date: 02/23/2019

Renewal No. 2 Start Date: 02/24/2019 End Date: 02/23/2020

Renewal No. 3 Start Date: 02/24/2020 End Date: 02/23/2021

Renewal No. 4 Start Date: 02/24/2021 End Date: 02/23/2022

SECTION #1 VENDOR AWARD

Vendor Name: METRO EXPRESS INC.

Vendor Address: 9442 NW 109TH STREET

Contact: Delio Trasobares

Phone: (305) 885-1330 Fax: (305) 885-1327

Cell/Pager: _____ Email Address: delio@metroexpresscorp.com

Website: _____ FEIN: _____

SECTION #2 AWARD/BACKGROUND INFORMATION

Award Date: 02/08/2017 Resolution/Agenda Item No.: 2017-28-3133

Insurance Required: Yes X No _____

Performance Bond Required: Yes X No _____

SECTION #3 LEAD AGENCY

Agency Name: City of Miami Gardens

Agency Address: 18605 NW 27th Avenue, Miami Gardens, FL 33056

Agency Contact: Latora Francis Email: lfrancis@miamigardens-fl.gov

Telephone: 305-622-8000 Fax: 305-474-1285

RESOLUTION NO. 2018-33-3346

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA, AUTHORIZING THE CITY MANAGER TO RENEW THAT CERTAIN AGREEMENT WITH METRO EXPRESS, INC., FOR SIDEWALK REPLACEMENTS & INSTALLATION; AUTHORIZING THE CITY MANAGER TO ISSUE PURCHASES ORDERS ON AN AS NEEDED BASIS NOT TO EXCEED THE ALLOCATED BUDGETED AMOUNT; PROVIDING FOR THE ADOPTION OF REPRESENTATIONS; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on October 17, 2016, Invitation to Bid (ITB) No. 15-16-039(A) was solicited via BidSync for Sidewalk Replacement and Installation, and

WHEREAS, the ITB closed on November 28, 2016 and three (3) bids were received and publicly read at that time, and

WHEREAS, City Staff evaluated the bids for compliance with the specifications, and Metro Express, Inc., (the lowest bidder), was deemed responsible and responsive to the requirements of the ITB, and

WHEREAS, on February 8, 2017, the City Council for the City of Miami Gardens adopted Resolution Number 2017-28-3133, awarding ITB Number No. 15-16-039(A), Sidewalk Replacements & Installation to Metro Express, Inc., and

WHEREAS, the initial term of the Agreement was for a one (1) year period with an option to renew annually for four (4) one (1) year periods, and

WHEREAS, this is the first renewal of the Agreement, and

WHEREAS, Staff recommends the City Council authorizes the City Manager to renew that certain Agreement with Metro Express, Inc. for Sidewalk Replacement & Installation, and

WHEREAS, Staff also recommend the City Council authorize the City Manager to issue purchase orders on an as needed basis not to exceed the 2018 allocated budget for this purpose,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA AS FOLLOWS:

Section 1: ADOPTION OF REPRESENTATIONS: The foregoing Whereas paragraphs are hereby ratified and confirmed as being true, and the same are hereby made a specific part of this Resolution.

Section 2: AUTHORIZATION: The City Council of the City of Miami Gardens hereby authorizes the City Manager to renew that certain Agreement with Metro Express, Inc., for Sidewalk Replacements & Installation, and authorizes the City Manager to issue purchase orders on an as needed basis not to exceed the allocated budgeted amount for this purpose.

Section 3: EFFECTIVE DATE: This Resolution shall take effect immediately upon its final passage.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS AT ITS REGULAR MEETING HELD ON FEBRUARY 14, 2018.



OLIVER GILBERT, III, MAYOR

ATTEST:



VERNITA NELSON, INTERIM CITY CLERK

PREPARED BY: SONJA KNIGHTON DICKENS, CITY ATTORNEY

SPONSORED BY: CAMERON D. BENSON, CITY MANAGER

Moved by: Ighodaro

Seconded by: Odom

VOTE: 7-0

Mayor Oliver Gilbert, III	<u>✓</u> (Yes)	<u> </u> (No)
Vice Mayor Erhabor Ighodaro, Ph.D.	<u>✓</u> (Yes)	<u> </u> (No)
Councilwoman Lisa C. Davis	<u>✓</u> (Yes)	<u> </u> (No)
Councilman Rodney Harris	<u>✓</u> (Yes)	<u> </u> (No)
Councilwoman Lillie Q. Odom	<u>✓</u> (Yes)	<u> </u> (No)
Councilwoman Felicia Robinson	<u>✓</u> (Yes)	<u> </u> (No)
Councilman David Williams Jr	<u>✓</u> (Yes)	<u> </u> (No)



City of Miami Gardens

Oliver Gilbert
Mayor

February 23, 2017

Erhabor Ighodaro, Ph.D.
Vice Mayor

Lisa C. Davis
Council Member

Rodney Harris
Council Member

Lillie Q. Odom.
Council Member

Felicia Robinson
Council Member

David Williams Jr.
Council Member

Metro Express, Inc.
9442 NW 109th Street
Medley, FL 33178

RE: Notice of award – ITB No.15-16-039(A) Sidewalk Replacement and Installation

NOTICE OF AWARD

This is to confirm that the City Council at its meeting held on February 8, 2017, under Agenda Item Number K-10, accepted your proposal response on the above-referenced solicitation.

Please forward to my office, within ten days per specifications, the following documents:

1. Signed Contract (3 copies are enclosed)
2. Certificate of Insurance naming the City of Miami Gardens as an additional insured.
3. Performance and Payment Bond

A copy of this Notice with a copy of your solicitation response, including all terms and conditions, is being forwarded to the Using Agency, who will contact you regarding your contract.

Cameron D. Benson
City Manager

Thank you for your interest in doing business with the City of Miami Gardens.

Ronetta Taylor, MMC
City Clerk

Sincerely,

Sonja K. Dickens
City Attorney

Latora Francis, Procurement Officer
Office of Procurement Management

RESOLUTION NO. 2017-28-3133

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA, AWARDED A BID TO METRO EXPRESS, INC., FOR SIDEWALK REPLACEMENT & INSTALLATION; AUTHORIZING THE CITY MANAGER TO ISSUE PURCHASES ORDERS ON AN AS NEEDED BASIS NOT TO EXCEED THE ALLOCATED BUDGETED AMOUNT; PROVIDING FOR THE ADOPTION OF REPRESENTATIONS; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on October 17, 2016, ITB No. 15-16-039(A) was solicited via BidSync for sidewalk replacement and installation, and

WHEREAS, the ITB closed on November 28, 2016 and three (3) bids were received and publicly read at that time, and

WHEREAS, City Staff evaluated the bids for compliance with the specifications, and Metro Express, Inc., (the lowest bidder), and Providian Construction Group were deemed responsible and responsive to the requirements of the ITB, and

WHEREAS, Pioneer Construction Management Services, Inc., failed to submit mandatory documents and was deemed non-responsive to the requirements in the Invitation to Bid, and

WHEREAS, Metro Express, Inc., has provided services for the City in the past and their performance was deemed favorable by the Using Department, and

WHEREAS, Staff recommends the City Council award ITB No. 15-16-039(A), Sidewalk Replacement & Installation to Metro Express, Inc.,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA AS FOLLOWS:

Section 1: ADOPTION OF REPRESENTATIONS: The foregoing Whereas paragraphs are hereby ratified and confirmed as being true, and the same are hereby made a specific part of this Resolution.

Resolution No. 2017-28-3133

Section 2: AUTHORIZATION: The City Council of the City of Miami Gardens hereby awards a bid to Metro Express, Inc., for Sidewalk Replacements & Installation, and authorizes the City Manager to issue purchase orders on an as needed basis not to exceed the allocated budgeted amount.

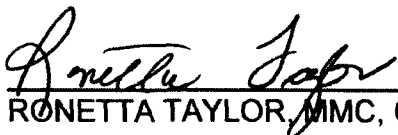
Section 3: EFFECTIVE DATE: This Resolution shall take effect immediately upon its final passage.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS AT ITS REGULAR MEETING HELD ON February 8, 2017.



OLIVER GILBERT, III, MAYOR

ATTEST:



RONETTA TAYLOR, MMC, CITY CLERK

PREPARED BY: SONJA KNIGHTON DICKENS, CITY ATTORNEY

SPONSORED BY: CAMERON D. BENSON, CITY MANAGER

Moved by: HARRIS
Second by: DAVIS
VOTE: 7-0

Mayor Oliver Gilbert, III	☒ (Yes)	☐ (No)
Vice Mayor Erhabor Ighodaro, Ph.D.	☒ (Yes)	☐ (No)
Councilwoman Lisa C. Davis	☒ (Yes)	☐ (No)
Councilman Rodney Harris	☒ (Yes)	☐ (No)
Councilwoman Lillie Q. Odom	☒ (Yes)	☐ (No)
Councilwoman Felicia Robinson	☒ (Yes)	☐ (No)
Councilman David Williams Jr	☒ (Yes)	☐ (No)



18605 NW 27 Avenue
Miami Gardens, Florida 33056

City of Miami Gardens Agenda Cover Memo

Council Meeting Date:	February 8, 2017		Item Type:	Resolution X	Ordinance	Other	
Fiscal Impact:	Yes	No	Ordinance Reading:	1st Reading		2nd Reading	
	X		Public Hearing:	Yes	No	Yes	No
Funding Source:			Advertising Requirement:	Yes		No X	
Contract/P.O. Required:	Yes X	No	RFP/RFQ/Bid #:	ITB No. 15-16-039(A) Sidewalk Replacement and Installation Annual Contract Rebid			
Strategic Plan Related	Yes	No X	Strategic Plan Priority Area:	Strategic Plan Obj./Strategy: <i>(list the specific objective/strategy this item will address)</i>			
			Enhance Organizational ☐ Bus. & Economic Dev ☐ Public Safety ☐ Quality of Education ☐ Qual. of Life & City Image ☐ Communication ☐				
Sponsor Name	Cameron Benson, City Manager		Department:	Public Works Department			

Short Title

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MIAMI GARDENS, FLORIDA,
AWARDING A BID TO METRO EXPRESS, INC., FOR SIDEWALK REPLACEMENT &
INSTALLATION; AUTHORIZING THE CITY MANAGER TO ISSUE PURCHASES ORDERS ON
AN AS NEEDED BASIS NOT TO EXCEED THE ALLOCATED BUDGETED AMOUNT;
PROVIDING FOR THE ADOPTION OF REPRESENTATIONS; PROVIDING FOR AN EFFECTIVE
DATE.

Staff Summary

Background

The City's Public Works Department continues to install, repair and replace sidewalks throughout the City on an as needed basis. Part of the Citizen's Independent Transportation Trust (CITT), People's Transportation Plan – ½ Cents Transportation Tax (PTP) is to install new sidewalks to include the American Disability Act (ADA) required upgrades as roads are resurfaced throughout the community. In addition, the City has been receiving funds through the Florida Department of Transportation (FDOT) for the Safe Walk to School Program and Pedestrian Walking Trail Grants, which allows the installation of new sidewalks in the school's vicinity and the continuance of the City's Walking Trail Master Plan.

Current Situation

AGENDA ITEM K-10
SIDEWALK REPLACEMENT

On June 29, 2016, Invitation to Bid (ITB) No. 15-16-039, Sidewalk Replacements & Installation Annual Contract, was solicited via BidSync. The ITB closed on August 1, 2016. Three (3) bids were received. Bid submittals from Bannerman Landscaping, Inc., C & I Construction and Design, Inc., and SOFLA Landscaping, Inc., were received and publicly read.

After review of Invitation to Bid (ITB) No. 15-16-039, Sidewalk Replacements & Installation Annual Contract, City staff decided to include additional experience requirements for the vendor's qualifications and increased the amount of work expected annually, effectively changing the scope of services. The new scope of work addressed the City's sidewalk replacement needs more accurately. City staff recommended that all bids be rejected and a re-solicitation of services for sidewalk replacement and installation be advertised.

On September 28, 2016, City Council authorized the City Manager to reject all bids and resolicit a bid for the repair, replacement, and installation of sidewalks.

On October 17, 2016, Invitation to Bid (ITB) No. 15-16-039(A), Sidewalk Replacements & Installation Annual Contract Rebid was solicited via BidSync. The ITB closed on November 28, 2016. Three (3) bids were received and publicly read at that time.

The City staff evaluated the bids for compliance with the specifications. Metro Express, Inc., (the lowest bidder) and Providian Construction Group were deemed responsible and responsive to the requirements of the ITB. Pioneer Construction Management Services, Inc. failed to submit mandatory documents and was deemed non-responsive to the requirements in the Invitation to Bid.

Metro Express, Inc. has provided services for the City in the past and their performance was deemed favorable by the Using Department.

A copy of the proposal document and submittals are available at the Assistant to the Mayor and Council's Office for review.

Fiscal Impact

The FY 2017 budget provided a budget of \$300,000 for stand alone and improvement projects. Also included in the budget are three other projects that includes Sidewalks, Milling and Resurfacing at certain specific locations, therefore staff is recommending an amount of not to exceed \$600,000.

It is recommended that the City Council approve the City staff's Recommendation For Award of Invitation to Bid (ITB) No. 15-16-039(A), Sidewalk Replacement & Installation Annual Contract Rebid to Metro Express, Inc. authorizing the City Manager to issue purchase orders on an as needed basis not to exceed the allocated budget for the replacement and installation of sidewalk replacement.

ITB No. 15-16-039A

Bid Title: Sidewalk Replacement & Installation Annual Contract Rebid

Dept.: Public Works, Engin. Division

Purchasing Agent: Scott Shaw



Date ITB Posted: 10/17/16

Date ITB Opened: 11/28/2016

Bid Submittals: 3

Declinations: 0

				Metro Express, Inc. Medley, FL		Pioneer Construction Management Services, Inc. Miami, FL		Providian Construction Group, Inc. Sunrise, FL		
Item No.	Description	Unit of Measure (UOM)	Estimated Annual Quantity	Unit Price (Price per UOM)	Total Price	Unit Price (Price per UOM)	Total Price	Unit Price (Price per UOM)	Total Price	
1	Furnish all materials, labor & equipment to Remove to be saw-cut & Replace 4" thick 3000 PSI min. un-reinforced sidewalk & compact base 95% min. (includes restoration-clean fill to avoid gaps) damaged sod replaced at Contractor's expense	Square Yd.	46000	\$35.50	\$1,633,000.00	\$35.55	\$1,635,300.00	\$49.20	\$2,263,200.00	
2	Furnish all materials, labor & equipment to Remove to be saw-cut & Replace 6" thick 3000 PSI min. un-reinforced sidewalk & compact base 95% min. (includes restoration-clean fill to avoid gaps) damaged sod replaced at Contractor's expense	Square Yd.	16000	\$42.75	\$684,000.00	\$44.55	\$712,800.00	\$51.60	\$825,600.00	
3	Furnish all materials, labor & equipment Install New 4" thick 3000 PSI min. un-reinforced sidewalk & compact base 95% min. (includes clearing & grubbing, removal & disposal of dirt, grass etc. & restoration at Contractor's expense) damaged sod replaced at Contractor's expense	Square Yd.	18000	\$35.50	\$639,000.00	\$40.05	\$720,900.00	\$51.84	\$933,120.00	
4	Furnish all materials, labor & equipment Install New 6" thick 3000 PSI min. un-reinforced sidewalk & compact base 95% min. (includes clearing & grubbing, removal & disposal of dirt, grass etc. & restoration at Contractor's expense) damaged sod replaced at Contractor's expense	Square Yd.	10000	\$42.75	\$427,500.00	\$49.05	\$490,500.00	\$56.70	\$567,000.00	
5	Furnish, Compact, & Install Lime Rock to min. 95% compaction to avoid settling. When elevation is too low. Fill any gaps between new sidewalk installation and existing elevation. Delivery ticket must be provided for payment	Cubic Yd.	200	\$12.00	\$2,400.00	\$30.00	\$6,000.00	\$156.00	\$31,200.00	

6	Furnish all materials, labor & equipment to Remove & Replace concrete Type "D" Curb including drop curb, transitions, & reconstruction of base (includes clearing, grubbing, & fill, sod to replace damaged grass, removal & disposal of existing curb, dirt, grass etc. & restoration at Contractor's expense).	Linear Ft.	500	\$18.00	\$9,000.00	\$19.00	\$9,500.00	\$56.70	\$28,350.00
7	Furnish all materials, labor & equipment to Install New concrete Type "D" Curb including drop curb, transitions, & construction of base (includes clearing, grubbing, & fill, sod to replace damaged grass, removal & disposal of dirt, grass etc. & restoration at Contractor's expense) including fill. Damaged sod replaced at contractor's expense.	Linear Ft.	500	\$18.00	\$9,000.00	\$18.00	\$9,000.00	\$34.80	\$17,400.00
8	Furnish all materials, labor & equipment to Remove & Replace concrete Type "F" Curb including drop curb, transitions, & reconstruction of base (includes clearing, grubbing, & fill, sod to replace damaged grass, removal & disposal of existing curb, dirt, grass etc. & restoration at Contractor's expense).	Linear Ft.	500	\$19.00	\$9,500.00	\$24.00	\$12,000.00	\$37.20	\$18,600.00
9	Furnish all materials, labor & equipment to Install New concrete Type "F" Curb including drop curb, transitions, & construction of base (includes clearing, grubbing, & fill, sod to replace damaged grass, removal & disposal of existing curb, dirt, grass etc. & restoration at Contractor's expense).	Linear Ft.	100	\$19.00	\$1,900.00	\$30.00	\$3,000.00	\$42.00	\$4,200.00
10	Furnish all materials, labor & equipment to Remove & Replace concrete "Valley-gutter" including drop curb, transitions, & reconstruction of base (includes clearing, grubbing, & fill, sod to replace damaged grass, removal & disposal of existing curb, dirt, grass etc. & restoration at Contractor's expense).	Linear Ft.	200	\$19.00	\$3,800.00	\$25.00	\$5,000.00	\$57.60	\$11,520.00

11	Furnish all materials, labor & equipment to Install New concrete "Valley-gutter" including drop curb, transitions, & reconstruction of base (includes clearing, grubbing, & fill, sod to replace damaged grass, removal & disposal of dirt, grass etc. & restoration at Contractor's expense.	Linear Ft.	500	\$19.00	\$9,500.00	\$21.00	\$10,500.00	\$59.00	\$29,500.00
12	Right-of-Way Survey (to establish property lines).	Linear Ft.	18000	\$0.50	\$9,000.00	\$0.70	\$12,600.00	\$2.70	\$48,600.00
13	Tree Removal Dia. @ breast hgt. 4.5' above grade Cont. (includes restoration - clearing & grubbing, removal of debris, excavation & backfilling) damaged sod replaced at Contractor's expense.	Each	4	\$100.00	\$400.00	\$200.00	\$800.00	\$780.00	\$3,120.00
		Each	4	\$200.00	\$800.00	\$450.00	\$1,800.00	\$1,320.00	\$5,280.00
		Each	4	\$500.00	\$2,000.00	\$700.00	\$2,800.00	\$2,280.00	\$9,120.00
		Each	3	\$1,000.00	\$3,000.00	\$1,000.00	\$3,000.00	\$3,840.00	\$11,520.00
14	Live Oak Fla. #1 10'-12' overall height (includes restoration - clearing & grubbing, removal of debris, excavation & backfilling). Damaged grass to be replaced with sod at Contractor's expense.	Each	1	\$600.00	\$600.00	\$1,200.00	\$1,200.00	\$750.00	\$750.00
15	Mahogany Fla. #1 10'-12' overall height (includes restoration - clearing & grubbing, removal of debris, excavation & backfilling). Damaged grass to be replaced with sod at Contractor's expense.	Each	1	\$600.00	\$600.00	\$1,500.00	\$1,500.00	\$750.00	\$750.00
16	Crape Myrtle Fla. #1 10'-12' overall height (includes restoration - clearing & grubbing, removal of debris, excavation & backfilling). Damaged grass to be replaced with sod at Contractor's expense.	Each	1	\$600.00	\$600.00	\$1,500.00	\$1,500.00	\$755.00	\$755.00
17	Curb Cuts (includes restoration).	Each	20	\$50.00	\$1,000.00	\$100.00	\$2,000.00	\$150.00	\$3,000.00
18	Furnish all materials, labor & equipment to Relocate Chain Link Fence (includes restoration). Damaged grass to be replaced with sod at Contractor's expense.	Linear Ft.	200	\$15.00	\$3,000.00	\$30.00	\$6,000.00	\$45.60	\$9,120.00
19	Furnish all materials, labor & equipment to Install New 4' Chain Link Fence, disposal of existing fence (includes restoration) damaged grass to be replaced with sod at Contractor's expense.	Linear Ft.	200	\$20.00	\$4,000.00	\$25.00	\$5,000.00	\$42.00	\$8,400.00
20	Furnish all materials, labor & equipment to construct 1.5" Type III Asphaltic Concrete surface including Tack Coat to repair existing driveway approaches. Damaged areas during installation replaced at Contractor's expense.	Square Ft.	1100	\$27.00	\$29,700.00	\$6.50	\$7,150.00	\$26.40	\$29,040.00

21	Furnish all materials, labor & equipment to place Detectable Warning Surface for pedestrian crossings/cast-in-place type/yellow.	Square Ft.	350	\$25.00	\$8,750.00	\$25.00	\$8,750.00	\$58.80	\$20,580.00	
22	Furnish all materials, labor & equipment to Relocate PVC Lines - 2" diameter.	Linear Ft.	100	\$10.00	\$1,000.00	\$10.00	\$1,000.00	\$25.00	\$2,500.00	
23	Furnish all materials, labor & equipment to Install new PVC Lines Sch. 40.	Linear Ft.	20	\$10.00	\$200.00	\$15.00	\$300.00	\$45.00	\$900.00	
24	Furnish all materials, labor & equipment to Install new Irrigation Heads (4" pop-up head w/max 15' spray radius).	Each	10	\$60.00	\$600.00	\$50.00	\$500.00	\$125.00	\$1,250.00	
25	Furnish all materials, labor & equipment to Relocate/reset existing Signs.	Each	20	\$100.00	\$2,000.00	\$50.00	\$1,000.00	\$135.00	\$2,700.00	
26	Furnish all materials, labor & equipment to Raise Utilities Access (includes sewer cleanouts, water meters, manholes, water valves).	Each	50	\$180.00	\$9,000.00	\$200.00	\$10,000.00	\$1,920.00	\$96,000.00	
27	Furnish and install concrete water meter boxes to replace existing broken boxes in sidewalk slabs being replaced.	Each	20	\$200.00	\$4,000.00	\$500.00	\$10,000.00	\$900.00	\$18,000.00	
28	Furnish all materials, labor & equipment to Pressure clean Brick Pavers & Paver Blocks.	Square Ft.	500	\$1.00	\$500.00	\$1.00	\$500.00	\$5.40	\$2,700.00	
29	Furnish all materials, labor & equipment to Pressure clean	Square Ft.	500	\$1.00	\$500.00	\$1.00	\$500.00	\$5.10	\$2,550.00	
30	Furnish all materials, labor & equipment to install St.	Square Ft.	4000	\$0.80	\$3,200.00	\$1.25	\$5,000.00	\$3.60	\$14,400.00	
31	12" Root Bio Barrier	Linear Ft.	200	\$18.00	\$3,600.00	\$12.00	\$2,400.00	\$7.20	\$1,440.00	
ESTIMATED ANNUAL TOTAL PRICE					\$3,516,650.00		\$3,699,800.00		\$5,022,165.00	(A)

Award

CITY OF MIAMI GARDENS
SIDEWALK REPLACEMENT AND INSTALLATION ANNUAL CONTRACT REBID
CONSTRUCTION CONTRACT

THIS CONTRACT made as of this 24th day of Feb, 2017, by and between METRO EXPRESS, INC., hereinafter referred to as the CONTRACTOR, and the CITY OF MIAMI GARDENS, FLORIDA, a Florida municipal corporation, hereinafter referred to as the CITY.

WITNESSETH, that whereas, the CITY has awarded to the CONTRACTOR the Work of performing certain construction:

NOW, THEREFORE, the CITY and the CONTRACTOR, for consideration hereinafter named, agree as follows:

ARTICLE 1 - CONTRACT DOCUMENTS

1.1 Enumeration of Contract Documents:

The Contract Documents comprise the entire agreement between CITY and CONTRACTOR and consist of the following:

- (1) This Agreement and General Conditions
- (2) Construction performance bond.
- (3) Construction payment bond.
- (4) Insurance certificate(s).
- (5) Notice of Award and Notice to Proceed.
- (6) Invitation to Bid and the Specifications prepared by the CITY
- (7) CONTRACTOR's Response to the CITY's Invitation to Bid No.15-16-039(A) dated November 28, 2016.

The aforementioned documents are hereby incorporated herein by reference, and made a part hereof

Any amendments executed by the CITY and the CONTRACTOR shall become part of this Agreement. Documents not included in this Article do not, and shall not, form any part of this Agreement. In the event of any conflict between the documents or any ambiguity or missing specification or instruction, the following priority is established:

- a. Specific direction from the City Manager (or designee).
- b. This Agreement dated 2-24-17 and any attachments.
- c. Agreement & General Conditions
- d. Bid Document including all plans & drawings.
- e. Contractor's bid submittal

1.2 Conflict, Error or Discrepancy:

If, during the performance of the Work, CONTRACTOR finds a conflict, error or discrepancy in the Contract Documents, CONTRACTOR shall so report to the CITY in writing at once and before proceeding with the Work affected shall obtain a written interpretation or clarification from CITY.

1.3 Representation of CONTRACTOR:

Execution of the Contract by the CONTRACTOR is a representation that CONTRACTOR has visited the Work site and is familiar with the local conditions under which the Work is to be performed.

ARTICLE 2. SCOPE OF WORK

The CONTRACTOR hereby agrees to furnish all of the materials, tools, equipment, labor, services, incidentals and everything necessary to perform; and shall perform, all of the Work, herein referred to as Work in accordance with the Contract Documents. The City is the lead agent on this contract for the Southeast Florida Governmental Cooperative Group.

ARTICLE 3. CONTRACT TIME

- 3.1.1** CONTRACTOR shall be issued a Notice of Award by the CITY. CONTRACTOR shall commence scheduling activities and permit applications within five (5) calendar days after receipt of the Notice of Award. The Notice to Proceed and Purchase Order will not be issued until CONTRACTOR'S submission to CITY of all required documents including, but not limited to: Performance and Payment Bonds, Insurance Certificates fully executed Contract.
- 3.1.2** The receipt of all necessary permits by CONTRACTOR and acceptance of the full construction schedule in accordance with general terms and conditions section, submittal schedule and schedule of values is a condition precedent to the issuance of the Notice to Proceed to mobilize on the Project site and commence with the Work. The CONTRACTOR shall submit all necessary documents required by this provision within **fifteen (15)** calendar days of the issuance of Notice of Award.
- 3.2** The Work must begin within ten (10) calendar days from Notice to Proceed or the date fixed in the Notice to Proceed, whichever is later, and shall be carried on at a rate to insure its substantially completed within three hundred sixty-five (365) calendar days from the issuance of the Notice to Proceed, completed and ready for final payment in accordance with Article 6 within thirty (30) days from the date certified by CITY as the date of Final Completion.
- 3.3** Upon failure of CONTRACTOR to substantially complete the WORK, herein referred to as Substantial Completion, within the specified period of time, plus approved time extensions, if any, CONTRACTOR shall pay to CITY the sum of one hundred dollars (\$100) for each calendar day after the time specified in Section 3.2 above, plus any approved time extensions, for Substantial Completion. After Substantial Completion should CONTRACTOR fail to complete the remaining Work within the time specified in

Section 3.2 above, plus approved time extensions, if any, for completion and readiness for final payment, CONTRACTOR shall pay to CITY the sum of one hundred dollars (\$100) for each calendar day after the time specified in Section 3.2 above, plus any approved extensions, if any, for completion and readiness for final payment. These amounts are not penalties, but are liquidated damages to CITY for its inability to obtain full beneficial occupancy and/or use of the Project. Liquidated damages are hereby fixed and agreed upon between the parties, recognizing the impossibility of precisely ascertaining the amount of damages which the CITY will suffer as a result of the CONTRACTOR'S failure to perform and that will be obviate a formal resolution concerning the amount of said damages and the cost and effect of the failure of CONTRACTOR to complete the Contract as required hereunder.

The above-stated liquidated damages shall apply separately to each portion of the Project for which a time for completion is given.

- 3.4 CITY is authorized to deduct liquidated damages from monies due to CONTRACTOR for the Work under this Contract.
- 3.5 CONTRACTOR shall be responsible for reimbursing CITY, in addition to liquidated damages, for all costs incurred by the Architect/Engineer in administering the construction of the WORK beyond the completion date specified above, plus approved time extensions, if any. Architect/Engineer construction costs shall be pursuant to the contract between CITY and Architect/Engineer, a copy of which is available upon request of the CONTRACTOR. All such costs shall be deducted from the monies due CONTRACTOR for performance of WORK by means of unilateral credit change orders issued by CITY, as costs are incurred by Architect/Engineer and agreed to by CITY.

ARTICLE 4. COMPENSATION

CITY shall pay CONTRACTOR as full compensation for the all material, services, labor and performance, including overhead and profit, associated with completion of all the Work in full conformity with the requirements as stated or shown in the Contract Documents, in the sum of **three million, five hundred sixteen thousand, six hundred fifty (\$3, 516,650.00)**.

ARTICLE 5. PROGRESS PAYMENTS

CONTRACTOR may make Application for Payment for Work completed, at intervals of not more than once a month. However, the CITY shall not pay more than ninety percent (90%) of the total Contract Price as progress payments. The CONTRACTOR'S application shall show a complete breakdown of the Project components as dictated by the CITY, including an updated Schedule of Values showing the quantities completed and the amount requested, together with such supporting evidence as may be required by the CITY. CONTRACTOR shall submit with each Application for Payment, an updated progress schedule acceptable to the CITY as required by the General Conditions and a release of liens relative to the Work

which is the subject of the Application. Each Application for Payment shall be submitted in triplicate to the CITY. The CITY shall make payment to the CONTRACTOR within thirty (30) business days after approval by the CITY of CONTRACTOR'S Application for Payment and submission of an acceptable updated progress schedule.

Ten percent (10%) of all monies earned by the CONTRACTOR shall be retained by the CITY until Final Completion and acceptance by the CITY in accordance with the terms and conditions stipulated in the Contract Documents. Upon Final Completion and acceptance one half (1/2) of the retainage will be returned to CONTRACTOR in accordance with the terms and conditions stipulated in the Contract Documents.

One half (1/2) of the retainage fee shall be held and shall be redeemable upon satisfactory completion of the twelve (12) months or six (6) months warranty period. The City shall select length of warranty period upon notice of award.

The CITY may withhold, in whole or in part, payment to such extent as may be necessary to protect itself from loss on account of:

- a) Defective Work not remedied.
- b) Claims filed or reasonable evidence indicating probable filing of claims by other parties against CONTRACTOR.
- c) Failure of CONTRACTOR to make payments properly to Sub-Contractors or for material or labor.
- d) Damage to another CONTRACTOR not remedied.
- e) Liquidated damages, as well as costs incurred by the CITY for extended construction administration.

When the above grounds are removed or resolved or CONTRACTOR provides a surety bond or a consent of Surety, satisfactory to the CITY which will protect the CITY in the amount withheld, payment may be made in whole or in part.

ARTICLE 6. ACCEPTANCE AND FINAL PAYMENT

Upon receipt of written notice from CONTRACTOR that the Work is complete and ready for final inspection and acceptance, CITY shall, within ten (10) calendar days, make an inspection thereof. The CONTRACTOR shall only receive payments If CITY finds the Work acceptable, the requisite documents have been submitted, the requirements of the Contract Documents fully satisfied, and all conditions of the permits and regulatory agencies have been met, the Architect/Engineer and CITY'S Representative will submit a statement stating such to the CITY Manager.

Before the Final Payment, CONTRACTOR shall deliver to CITY a complete waiver of lien(s) or release of all lien(s), as applicable, arising out of this Contract, or receipts in full for all Work; and an Affidavit

certifying that all suppliers and Sub-Contractors have been paid in full, and that all other indebtedness connected with the Work has been paid.

The CITY may withhold, in whole or in part, payment to such extent as may be necessary to protect itself from loss on account of:

- A. Defective Work not remedied.
- B. Claims filed or reasonable evidence indicating probable filing of claims by other parties against CONTRACTOR.
- C. Failure of CONTRACTOR to make payments properly to Sub-Contractors or for material or labor.
- D. Damage to another CONTRACTOR not remedied.
- E. Liquidated damages and costs incurred by CITY for extended construction administration.

When the above grounds are removed or resolved satisfactorily to the CITY, payment may be made.

Final payment constituting the entire unpaid balance of the Contract sum shall be paid by CITY to the CONTRACTOR within thirty (30) days after completion of all Work, Contract fully performed and a final certificate for payment has been issued by the CITY'S representative.

ARTICLE 7. MISCELLANEOUS

- 7.1 Conflict: Where there is a conflict between any provision set forth within the Contract Documents and a more stringent state or federal provision which is applicable to this Project, the more stringent state or federal provision shall control.
- 7.2 Independent Contractor: CONTRACTOR is an independent contractor under this Contract. Services provided by CONTRACTOR pursuant to this Contract shall be subject to the supervision of CONTRACTOR. In providing such services, neither CONTRACTOR nor its agents shall act as officers, employees, or agents or sub-contractors of the CITY and CONTRACTOR shall be responsible for any actions of its officer, employees, agent and subcontractors. This Contract shall not constitute or make the parties a partnership or joint venture.
- 7.3 Qualifications: CONTRACTOR, and the individual executing this Contract on behalf of the CONTRACTOR, warrants to the CITY that the CONTRACTOR is a Florida (corporation sole proprietorship, etc.) in good standing, and that the CONTRACTOR has all the required licenses and certifications of competency required by the State of Florida and the County of Miami-Dade to perform the Work herein described. CONTRACTOR shall insure that all Sub-Contractors have all required licenses

and certifications of competency required by the State of Florida and the County of Miami-Dade to perform the Work herein described.

- 7.4 Entire Contract – Modification: No statements, representations, warranties, either written or oral, from whatever source arising, except as expressly stated in this Contract, shall have any legal validity between the parties or be binding upon any of them. The parties acknowledge that this Contract contains the entire understanding of the parties. No modifications hereof shall be effective unless made in writing and executed by the parties hereto with the same formalities as this Contract is executed. If any term in the CONTRACTOR'S proposal appears to be in direct or apparent conflict with the Contract, then the terms of the Contract shall control.
- 7.5 Third Party Beneficiaries: Neither CONTRACTOR nor CITY intend to directly or substantially benefit a third party by this Contract. The parties expressly acknowledge that it is not their intent to create any rights or obligations in any third person or entity under this Contract. Therefore, the parties agree that there are no third-party beneficiaries to this Contract and that no third-party shall be entitled to assert a claim against either of them based upon this Contract.
- 7.6 Notices/Authorized Representatives: Any notices required or permitted by this Agreement shall be in writing and shall be deemed to have been properly given if transmitted by hand-delivery, by registered mail with postage prepaid return receipt delivery, by registered or certified mail with postage prepaid return receipt requested, or by Federal Express addressed to the parties at the following address:

City of Miami Gardens
Attn: City Manager
18605 NW 27th Avenue
Miami Gardens, FL 33056

Contractor: Metro Express, Inc.
Name: Angel Fernandez
Address: 9442 NW 109th Street
City, State & Zip: Medley, FL 33178

- 7.7 Assignment and Performance: Neither this Contract nor any interest herein shall be assigned, transferred, or encumbered by either party. In addition, CONTRACTOR shall not subcontract any portion of the Work required by this Contract except as authorized in the General Conditions. CONTRACTOR represents that all persons delivering the services required by this Contract have the knowledge and skills, either by training, experience, education, or a combination thereof, to adequately and competently perform the duties, obligations, and services set forth in the Scope of Work and to provide and perform such services to CITY'S satisfaction for the agreed compensation.

CONTRACTOR shall perform its duties, obligations, and services under this Contract in a skillful and respectable manner. The quality of CONTRACTOR'S performance and all interim and final product(s) provided to or on behalf of CITY shall be comparable to the best local and national standards.

- 7.8 Materiality and Waiver of Breach: CITY and CONTRACTOR agree that each requirement, duty, and obligation set forth in these Contract Documents is substantial and important to the formation of this

Contract and, therefore, is a material term hereof. CITY'S failure to enforce any provision of this Contract shall not be deemed a waiver of such provision or modification of this Contract. A waiver of any breach of a provision of this Contract shall not be deemed a waiver of any subsequent breach and shall not be construed to be a modification of the terms of this Contract.

- 7.9 **Severance:** In the event a portion of this Contract is found by a court of competent jurisdiction to be invalid, the remaining provisions shall continue to be effective, unless CITY or CONTRACTOR elects to terminate this Contract. An election to terminate this Contract based upon this provision shall be made within seven (7) days after the finding by the court becomes final.
- 7.10 **Applicable Law and Venue:** This Contract shall be enforceable in Miami-Dade County, Florida, and if legal action is necessary by either party with respect to the enforcement of any or all of the terms or conditions herein exclusive venue for the enforcement of same shall lie in Miami-Dade County, Florida. **By entering into this Contract, CONTRACTOR and CITY hereby expressly waive any rights either party may have to a trial by jury of any civil litigation related to, or arising out of the Project. CONTRACTOR shall specifically bind all Sub-Contractors to the provisions of this Contract.**
- 7.11 **Enforcement Costs:** If any legal action or other proceeding is brought for the enforcement of this Contract, or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Contract, the prevailing party or parties shall be entitled to recover reasonable attorney's fees, expenses and court costs, including appellate fees incurred in that action or proceeding, in addition to any other relief to which such party or parties may be entitled.
- 7.12 **Amendments:** No modification, amendment, or alteration in the terms or conditions contained herein shall be effective unless contained in a written document prepared with the same or similar formality as this Contract and executed by the CITY and CONTRACTOR.
- 7.13 **Prior Contracts:** This document incorporates and includes all prior negotiations, correspondence, conversations, Contracts, and understandings applicable to the matters contained herein and the parties agree that there are no commitments, Contracts or understandings concerning the subject matter of this Contract that are not contained in this document. Accordingly, the parties agree that no deviation from the terms hereof shall be predicated upon any prior representations or Contracts, whether oral or written. It is further agreed that no modification, amendment or alteration in the terms or conditions contained herein shall be effective unless set forth in writing in accordance with Section 6.11 above.

7.14 Future Litigation: Contractor certifies that it shall notify the City within five (5) days of the receipt of any claims, lawsuits, or actions filed against Contractor relating to any construction projects, work or tasks either performed by Contractor or to be performed by Contractor.

7.15 Indemnification: Subject to the limitations of Section 768.28 Florida Statutes, Contractor shall protect, defend, indemnify, and hold harmless the CITY and its officials, officers, members, agents, representatives and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorney fees, for injury to or death of any person, and for injury to any property arising out of or in any way connected with the performance or non-performance of any provision of this Agreement required of the Contractor, by or on behalf of the Contractor, or resulting from any violation by the Contractor or its employees of any statute law, ordinance, regulation or other legal requirement pertaining to a safe place of employment for workers, minimum hours and wages, and fair employment practices. However, nothing herein shall be deemed to indemnify CITY for any liability or claim arising solely out of the negligent performance of CITY.

The City does hereby agree to indemnify and hold harmless Contractor, from any and all personal injury or property damage claims, liabilities, losses, and causes of action which may arise solely as a result of City's performance of this Agreement. This agreement is subject to the provisions of Section 768.28 Florida Statutes, such that the City shall not be held liable to pay a personal injury or property damage claim or judgment by any one person which exceeds the sum of \$200,000, or any claim or judgments or portions thereof, which, when totaled with all other occurrence, exceeds the sum of \$300,000 from any and all personal injury or property damage claims, liabilities losses and causes of action which may arise solely as a result of the performance of this Agreement. However, nothing herein shall be deemed to indemnify Contractor from any liability or claim arising out of the negligent performance or failure of performance of Contractor or any unrelated third party. Nothing contained herein shall be deemed a waiver of sovereign immunity. One percent (1%) of the contract amount shall represent the consideration to be provided for this indemnification.

7.16 Insurance: All insurance requirements must be met and evidenced to the City before delivery of goods and performance of services. The City reserves the right but not the obligation to revise any insurance requirement, or reject any insurance coverage which fail to meet the criteria stated herein at any time. The City reserves the right to require Contractor/Vendor to provide and pay for any other insurance coverage the City deems necessary, depending upon the possible exposure to liability or loss. These insurance requirements shall not limit the liability of the Contractor/Vendor. The City does not represent these types or amounts of insurance to be sufficient or adequate to protect the Contractor/Vendor's interests or liabilities, but are merely minimums.

Workers' Compensation: Coverage is to apply for all persons fulfilling this contract for statutory limits in compliance with the law of the State of Florida and any applicable federal laws. The policy must include Employer' Liability with a limit of \$1,000,000 each accident, \$1,000,000 each employee, \$1,000,000 policy limit for disease. The City will not accept certificates of exemption. Confirmation that Workers Compensation is provided for all persons fulfilling this contract, whether employed, contracted, temporary or subcontracted is required.

Commercial General Liability: Occurrence Form Required. Contractor shall maintain commercial general liability (CGL) insurance with limits of not less than:

- \$5,000,000 each occurrence for bodily injury and property damage
- \$5,000,000 general aggregate (must apply Per Project)
- \$5,000,000 products completed operations aggregate
- \$1,000,000 personal & advertising injury

No exclusion shall apply to: premises, independent contractors, contractual liability, or property damage resulting from explosion, collapse or underground (XCU) exposures.

Commercial Automobile Liability: Contractor shall maintain automobile liability insurance with a limit of not less than \$2,000,000 each occurrence for bodily injury and property damage liability. Such insurance shall cover liability arising out of any auto fulfilling duties under this agreement (including owned, hired, and non-owned autos). The policy shall provide contractual liability coverage.

Professional Liability/Malpractice/Errors or Omissions: Licensed design-build professional work such as that provided by architects, engineers, etc. shall maintain professional liability or malpractice or errors or omissions insurance with limits of \$2,000,000 per occurrence. If claims-made the retro date shall be prior or equal to the effective date of any contract with the City. The coverage shall be renewed or include a "tail" or Discovery, or continuous renewal of coverage for a period of 3 years following the completion of the project.

Pollution/Environmental Impairment Liability Coverage: Pollution/environmental impairment Liability insurance is to be purchased to cover pollution and/or environmental impairment which may arise from this agreement or contract. Coverage will be provided for to non-owned disposal sites utilized for this project. The recommended minimum coverage is \$5,000,000. The coverage period shall be extended beyond the date of the completed project, until the expiration date of the performance bond. If claims-made the retro date shall be prior or equal to the effective date of any contract with the County. The coverage shall include a "tail" or Discovery, or continuous renewal of coverage for a period of 3 years following the completion of the project.

Umbrella or Excess Liability insurance can be utilized to provide the required limits. Coverage shall be "following form" and shall not be more restrictive than the underlying insurance policy coverages, including all special endorsements and City as Additional Insured status.

Special Requirements: Certificate of Insurance shall confirm in writing that all applicable provisions apply.

Evidence of Insurance: A copy of the Contractor/Vendor's current certificate of insurance MUST be provided with the response to this bid. A formal certificate shall be provided upon announcement that a Contractor has been awarded the work. The Certificate(s) shall be signed by a person authorized by that insurer to bind coverage on its behalf. All Certificates of Insurance must be on file with and approved by the City before commencement of any work activities. The formal insurance certificate shall also comply with the following:

Additional Insured: "City of Miami Gardens and its Elected Officials, Agents, Representatives, Employees, and Volunteers" shall be named as an "Additional Insured" on all policies except Worker's Compensation and Professional Liability.

Additional Insured coverage shall be provided with the following ISO forms or similar policy provisions providing equal to or broader than coverage:

One of the following forms or its equivalent:

CG 2026 (Additional Insured-Designated Person or Organization) OR

CG 2010 (Additional Insured-Owners Lessees Contractors) OR

CG 2038 (Additional Insured-Automatic Status).

AND, if products or completed operations exposure:

CG 2037 (Additional Insured-Completed Operations). The Contractor/Vendor is required to continue to purchase products and completed operations coverage to satisfy this agreement for a minimum of three years beyond completion of the work.

Notification: The policy shall provide a 10-day notification clause in the event of cancellation, non-renewal, material modification, or any other lapse in coverage of the policy. In the event the insurance policy does not provide such notification, Contractor shall provide notification to the City.

In the event the insurance coverage expires prior to the completion of the project, a renewal certificate shall be delivered to the City 10 days prior to said expiration date.

Primary & Non Contributory

This Insurance shall be considered primary to any other insurance. Coverage shall be provided with the following ISO form or similar policy provision providing equal to or broader than coverage: CG 2001 (Primary and Noncontributory – Other Insurance Condition).

Waiver of Subrogation

All of Contractor's insurance policies, except Professional Liability, will waive rights of recovery against the City. Coverage shall be provided with the following CGL ISO form or similar policy provision providing equal to or broader than coverage: CG 2404 (Waiver of Transfer of Rights of Recovery Against Others to Us).

Subcontractors' Compliance: It is the responsibility of the contractor to insure that all subcontractors comply with all insurance requirements.

Financial Stability: The policies of insurance shall be written on forms acceptable to the City and placed with insurance carriers authorized by the Insurance Department in the State of Florida. All insurance carriers must meet a minimum financial AM Best company rating of no less than: "A- Excellent: FSC VII. City reserved the right but not the obligation to reject any insurer providing coverage due to poor or deteriorating financial condition.

- 7.17 Florida Public Records Act: All material submitted regarding this bid becomes the property of the City. Bids may be reviewed by any person ten (10) days after the public opening. Bidders should take special note of this as it relates to any proprietary information that might be included in their offer. Any resulting contract may be reviewed by any person after the contract has been executed by the City. The City has the right to use any or all information/material submitted in response to this bid and/or any resulting contract from same. Disqualification of a bidder does not eliminate this right.

To the extent required by law, Contractor shall comply with the public records laws in accordance with Chapter 119, Florida Statutes. Specifically, Contractor agrees to comply with Section 119.0701, Florida Statutes. Public records shall mean all documents, papers, letters, maps, books, tapes, photographs, films, sound recordings, data processing software, or other material, regardless of the physical form, characteristics, or means of transmission, made or received pursuant to law or ordinance or in connection with the transaction of official business by any agency, as defined in Section 119.011, Florida Statutes, as amended. The City shall make the sole determination of which records, if any, are exempt from inspection. Further, as pursuant to Section 119.0701, Florida Statutes, Contractor agrees to maintain the records until the completion of the contract. IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT 18605 Northwest 27th Avenue, Miami Gardens, Florida 33056.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as follows:

WITNESSES:

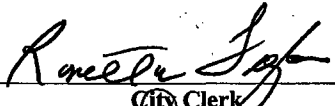


Print Name: Angel Fernandez

CONTRACTOR:

By: Delia A. Trusobers
Print Name: Delia A. Trusobers
Title: President

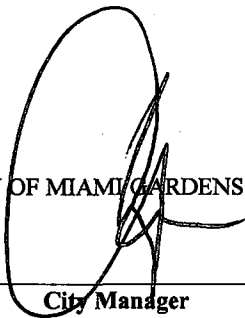
ATTEST:



City Clerk

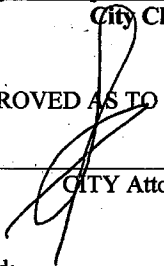
Seal:

CITY OF MIAMI GARDENS



City Manager

APPROVED AS TO FORM:



CITY Attorney

Dated:



CERTIFICATE OF LIABILITY INSURANCE

METRO-7

OP ID: MZ

DATE (MM/DD/YYYY)

02/24/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Kahn-Carlin & Company, Inc.
3350 S. Dixie Highway
Miami, FL 33133-9984

CONTACT
NAME:
PHONE (A/C, No, Ext): 305-446-2271 FAX (A/C, No): 305-448-3127
E-MAIL
ADDRESS: certificates@kahn-carlin.com

INSURED
Metro Express, Inc.
9442 NW 109th Street Suite 100
Medley, FL 33178

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Zurich-American Insurance Co	16535
INSURER B : American Guarantee & Liab Ins	26247
INSURER C : North River Insurance Co.	21105
INSURER D : Bridgefield Employers Ins Co	10701
INSURER E :	
INSURER F :	

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR ☒ XCU Included GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☒ PROJECT ☐ LOC OTHER:	X	X	GLO0184185-01	09/12/2016	09/22/2017	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
B	☒ AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ ALL OWNED AUTOS ☒ HIRED AUTOS ☐ SCHEDULED AUTOS ☒ NON-OWNED AUTOS	X	X	BAP 0184184-01	09/12/2016	09/22/2017	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
C	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE DED ☒ RETENTION \$ 0	X	X	5811073434	09/12/2016	09/22/2017	EACH OCCURRENCE \$ 3,000,000 AGGREGATE \$ 6,000,000
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N ☐ N/A	X	830-38388	09/22/2016	09/22/2017	☒ PER STATUTE ☐ OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Project No: 15-16-039(A) Sidewalk Replacement and Installation.

***SEE NOTEPAD**

CERTIFICATE HOLDER**CANCELLATION**

MIAM-18

City of Miami Gardens
18605 NW 27th Avenue
Miami Gardens, FL 33056

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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NOTEPAD:HOLDER CODE **MIAM-18**
INSURED'S NAME **Metro Express, Inc.****METRO-7**
OP ID: **MZ**

PAGE 2

Date **02/24/2017**

The Certificate Holder and its Elected Officials, Agents, Representatives, Employees, and Volunteers are Additional Insured with respects to General Liability on a primary and non-contributory basis, including ongoing and completed operations. As well as, Additional Insured with respects to Auto Liability. Waiver of Subrogation is granted in favor of the Additional Insured with respects to General Liability, Auto Liability and Worker's Compensation. Umbrella follows form. 30 days' notice of cancellation applies, except 10 days' for non-payment.

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.)

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

Blanket Waiver of Subrogation Applies

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

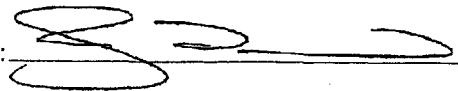
Date Prepared: July 7, 2016

Carrier: Bridgefield Employers Insurance Company

Effective Date of Endorsement: September 22, 2016

Policy Number: 830-38388

Countersigned by:

A handwritten signature in black ink, appearing to be a stylized 'S' or 'Z' followed by a horizontal line.

Insured: Metro Express Inc

WC 00 03 13 (Ed. 4-84)

Waiver Of Subrogation (Blanket) Endorsement

Policy No.	Eff. Date of Pol.	Exp. Date of Pol.	Eff. Date of End.	Producer	Add'l. Prem	Return Prem.
					\$	\$

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the:

Commercial General Liability Coverage Part

The following is added to the **Transfer Of Rights Of Recovery Against Others To Us Condition**:

If you are required by a written contract or agreement, which is executed before a loss, to waive your rights of recovery from others, we agree to waive our rights of recovery. This waiver of rights shall not be construed to be a waiver with respect to any other operations in which the insured has no contractual interest.

ALL PERSONS AND/OR ORGANIZATIONS THAT ARE REQUIRED BY WRITTEN CONTRACT OR AGREEMENT WITH THE INSURED, EXECUTED PRIOR TO THE ACCIDENT OR LOSS, THAT WAIVER OF SUBROGATION BE PROVIDED UNDER THIS POLICY.

C. The following is added to Paragraph 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit of Section IV – **Commercial General Liability Conditions:**

The additional insured must see to it that:

1. We are notified as soon as practicable of an "occurrence" or offense that may result in a claim;
2. We receive written notice of a claim or "suit" as soon as practicable; and
3. A request for defense and indemnity of the claim or "suit" will promptly be brought against any policy issued by another insurer under which the additional insured may be an insured in any capacity. This provision does not apply to insurance on which the additional insured is a Named Insured if the written contract or written agreement requires that this coverage be primary and non-contributory.

D. For the purposes of the coverage provided by this endorsement:

1. The following is added to the Other Insurance Condition of Section IV – **Commercial General Liability Conditions:**

Primary and Noncontributory Insurance

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured provided that:

- a. The additional insured is a Named Insured under such other insurance; and
 - b. You are required by written contract or written agreement that this insurance be primary and not seek contribution from any other insurance available to the additional insured.
2. The following paragraph is added to Paragraph 4.b. of the Other Insurance Condition of Section IV – **Commercial General Liability Conditions:**

This insurance is excess over:

Any of the other insurance, whether primary, excess, contingent or on any other basis, available to an additional insured, in which the additional insured on our policy is also covered as an additional insured on another policy providing coverage for the same "occurrence", offense, claim or "suit". This provision does not apply to any policy in which the additional insured is a Named Insured on such other policy and where our policy is required by a written contract or written agreement to provide coverage to the additional insured on a primary and non-contributory basis.

E. This endorsement does not apply to an additional insured which has been added to this policy by an endorsement showing the additional insured in a Schedule of additional insureds, and which endorsement applies specifically to that identified additional insured.

F. With respect to the insurance afforded to the additional insureds under this endorsement, the following is added to Section III – **Limits Of Insurance:**

The most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the written contract or written agreement referenced in Paragraph A. of this endorsement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations,
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

All other terms and conditions of this policy remain unchanged.



City of Miami Gardens

Office of Procurement Management
18605 NW 27th Avenue
Miami Gardens, FL 33056

NAME OF COMPANY:

Metro Express, Inc.

EXHIBIT I - BID SHEET

ALL LINE ITEMS MUST BE COMPLETED AND MUST REFLECT BALANCED BID AMOUNTS.
FAILURE TO COMPLETE THIS BID SHEET AS REQUESTED WILL RESULT IN BID REJECTION.

Failure to use the City's pricing sheet page and provide costs as requested in this ITB shall deem your proposal non-responsive. Contract will be awarded to responsive, responsible vendor(s). See Section "2.3 Method of Award" for award criteria.

ITEM NO.	DESCRIPTION	UNIT OF MEASURE (UOM)	ESTIMATED ANNUAL QUANTITY	UNIT PRICE (Price per UOM)	TOTAL PRICE (ESTIMATED ANNUAL QUANTITY X UNIT PRICE = TOTAL PRICE)
<u>1</u>	Furnish all materials, labor & equipment to <u>Remove to be saw-cut & Replace 4"</u> thick 3000 PSI min. un-reinforced sidewalk & compact base 95% min. (includes restoration- clean fill to avoid gaps) damaged sod replaced at Contractor's expense	Sq. Yd.	<u>46,000</u>	\$ <u>35.50</u>	\$ <u>1,633,000.00</u>
<u>2</u>	Furnish all materials, labor & equipment to <u>Remove to be saw-cut & Replace 6"</u> thick 3000 PSI min. un-reinforced sidewalk & compact base 95% min. (includes restoration- clean fill to avoid gaps) damaged sod replaced at Contractor's expense	Sq. Yd.	<u>16,000</u>	\$ <u>42.75</u>	\$ <u>684,000.00</u>
<u>3</u>	Furnish all materials, labor & equipment <u>Install New 4"</u> thick 3000 PSI min. un-reinforced sidewalk & compact base 95% min. (includes clearing & grubbing, removal & disposal of dirt, grass etc. & restoration at Contractor's expense) damaged sod replaced at Contractor's expense	Sq. Yd.	<u>18,000</u>	\$ <u>35.50</u>	\$ <u>639,000.00</u>



City of Miami Gardens

Solicitation No. ITB 15-16-039(A)

Addendum No. 2

November 14, 2016

Office of Procurement Management

18605 NW 27th Avenue

Miami Gardens, FL 33056

ITEM NO.	DESCRIPTION	UNIT OF MEASURE (UOM)	ESTIMATED ANNUAL QUANTITY	UNIT PRICE (Price per UOM)	TOTAL PRICE (ESTIMATED ANNUAL QUANTITY X UNIT PRICE = TOTAL PRICE)
<u>4</u>	Furnish all materials, labor & equipment <u>Install New 6" thick 3000 PSI min. un-reinforced sidewalk & compact base 95% min. (includes clearing & grubbing, removal & disposal of dirt, grass etc. & restoration at Contractor's expense) damaged sod replaced at Contractor's expense</u>	Sq. Yd.	<u>10,000</u>	\$ <u>42.75</u>	\$ <u>427,500.00</u>
<u>5</u>	Furnish, Compact, & Install Lime Rock to min. 95% compaction to avoid settling. When elevation is too low. Fill any gaps between new sidewalk installation and existing elevation. Delivery ticket must be provided for payment	Cubic Yd.	<u>200</u>	\$ <u>12.00</u>	\$ <u>2,400.00</u>
<u>6</u>	Furnish all materials, labor & equipment to <u>Remove & Replace concrete Type "D" Curb</u> including drop curb, transitions, & reconstruction of base (includes clearing, grubbing, & fill, sod to replace damaged grass, removal & disposal of existing curb, dirt, grass etc. & restoration at Contractor's expense).	Linear Ft.	<u>500</u>	\$ <u>18.00</u>	\$ <u>9,000.00</u>
<u>7</u>	Furnish all materials, labor & equipment to <u>Install New concrete Type "D" Curb</u> including drop curb, transitions, & construction of base (includes clearing, grubbing, & fill, sod to replace damaged grass, removal & disposal of dirt, grass etc. & restoration at Contractor's expense) including fil. Damaged sod replaced at contractor's expense.	Linear Ft.	<u>500</u>	\$ <u>18.00</u>	\$ <u>9,000.00</u>



City of Miami Gardens

Solicitation No. ITB 15-16-039(A)

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<u>8</u>	Furnish all materials, labor & equipment to <u>Remove & Replace concrete Type "F" Curb</u> including drop curb, transitions, & reconstruction of base (includes clearing, grubbing, & fill, sod to replace damaged grass, removal & disposal of existing curb, dirt, grass etc. & restoration at Contractor's expense).	Linear Ft.	<u>500</u>	\$ <u>19.00</u>	\$ <u>9,500.00</u>
<u>9</u>	Furnish all materials, labor & equipment to <u>Install New concrete Type "F" Curb</u> including drop curb, transitions, & construction of base (includes clearing, grubbing, & fill, sod to replace damaged grass, removal & disposal of existing curb, dirt, grass etc. & restoration at Contractor's expense).	Linear Ft.	<u>100</u>	\$ <u>19.00</u>	\$ <u>1,900.00</u>
<u>10</u>	Furnish all materials, labor & equipment to <u>Remove & Replace concrete "Valley-gutter"</u> including drop curb, transitions, & reconstruction of base (includes clearing, grubbing, & fill, sod to replace damaged grass, removal & disposal of existing curb, dirt, grass etc. & restoration at Contractor's expense).	Linear Ft.	<u>200</u>	\$ <u>19.00</u>	\$ <u>3,800.00</u>
<u>11</u>	Furnish all materials, labor & equipment to <u>Install New concrete "Valley-gutter"</u> including drop curb, transitions, & reconstruction of base (includes clearing, grubbing, & fill, sod to replace damaged grass, removal & disposal of dirt, grass etc. & restoration at Contractor's expense).	Linear Ft.	<u>500</u>	\$ <u>19.00</u>	\$ <u>9,500.00</u>



City of Miami Gardens

Solicitation No. ITB 15-16-039(A)

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18605 NW 27th Avenue

Miami Gardens, FL 33056

ITEM NO.	DESCRIPTION	UNIT OF MEASURE (UOM)	ESTIMATED ANNUAL QUANTITY	UNIT PRICE (Price per UOM)	TOTAL PRICE (ESTIMATED ANNUAL QUANTITY X UNIT PRICE = TOTAL PRICE)
<u>12</u>	Right-of- Way Survey (to establish property lines).	Linear Ft.	<u>18,000</u>	\$ <u>0.50</u>	\$ <u>9,000.00</u>
<u>13</u>	Tree Removal Dia. @ breast hgt. 4.5' above grade Cont. (includes restoration - clearing & grubbing, removal of debris, excavation & backfilling) damaged sod replaced at Contractor's expense.	0" to 8"	<u>4</u>	\$ <u>100.00</u>	\$ <u>400.00</u>
		8" to 18"	<u>4</u>	\$ <u>200.00</u>	\$ <u>800.00</u>
		18" to 30"	<u>4</u>	\$ <u>500.00</u>	\$ <u>2,000.00</u>
		30" +	<u>3</u>	\$ <u>1,000.00</u>	\$ <u>3,000.00</u>
<u>14</u>	Live Oak Fla. #1 10'-12' overall height (includes restoration - clearing & grubbing, removal of debris, excavation & backfilling). Damaged grass to be replaced with sod at Contractor's expense.	Each	<u>1</u>	\$ <u>600.00</u>	\$ <u>600.00</u>
<u>15</u>	Mahogany Fla. #1 10'-12' overall height (includes restoration - clearing & grubbing, removal of debris, excavation & backfilling). Damaged grass to be replaced with sod at Contractor's expense	Each	<u>1</u>	\$ <u>600.00</u>	\$ <u>600.00</u>
<u>16</u>	Crape Myrtle Fla. #1 10'-12' overall height (includes restoration - clearing & grubbing, removal of debris, excavation & backfilling). Damaged grass to be replaced with sod at Contractor's expense.	Each	<u>1</u>	\$ <u>600.00</u>	\$ <u>600.00</u>



City of Miami Gardens

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ITEM NO.	DESCRIPTION	UNIT OF MEASURE (UOM)	ESTIMATED ANNUAL QUANTITY	UNIT PRICE (Price per UOM)	TOTAL PRICE (ESTIMATED ANNUAL QUANTITY X UNIT PRICE = TOTAL PRICE)
<u>17</u>	Curb Cuts (includes restoration).	Each	<u>20</u>	\$ <u>50.00</u>	\$ <u>1,000.00</u>
<u>18</u>	Furnish all materials, labor & equipment to <u>Relocate Chain Link Fence</u> (includes restoration). Damaged grass to be replaced with sod at Contractor's expense.	Linear Ft.	<u>200</u>	\$ <u>15.00</u>	\$ <u>3,000.00</u>
<u>19</u>	Furnish all materials, labor & equipment to <u>Install New 4' Chain Link Fence, disposal of existing fence</u> (includes restoration) damaged grass to be replaced with sod at Contractor's expense.	Linear Ft.	<u>200</u>	\$ <u>20.00</u>	\$ <u>4,000.00</u>
<u>20</u>	Furnish all materials, labor & equipment to construct <u>1.5" Type III Asphaltic Concrete</u> surface including Tack Coat to repair existing driveway approaches. Damaged areas during installation replaced at Contractor's expense.	Sq. Ft.	<u>1100</u>	\$ <u>27.00</u>	\$ <u>29,700.00</u>
<u>21</u>	Furnish all materials, labor & equipment to place Detectable Warning Surface for pedestrian crossings/cast-in-place type/yellow.	Sq. Ft.	<u>350</u>	\$ <u>25.00</u>	\$ <u>8,750.00</u>
<u>22</u>	Furnish all materials, labor & equipment to Relocate PVC Lines - 2" diameter.	Linear Ft.	<u>100</u>	\$ <u>10.00</u>	\$ <u>1,000.00</u>
<u>23</u>	Furnish all materials, labor & equipment to Install new PVC Lines Sch. 40.	Linear Ft.	<u>20</u>	\$ <u>10.00</u>	\$ <u>200.00</u>
<u>24</u>	Furnish all materials, labor & equipment to Install new Irrigation Heads (4" pop-up head w/max 15' spray radius).	Each	<u>10</u>	\$ <u>60.00</u>	\$ <u>600.00</u>
<u>25</u>	Furnish all materials, labor & equipment to Relocate/reset existing Signs.	Each	<u>20</u>	\$ <u>100.00</u>	\$ <u>2,000.00</u>



City of Miami Gardens

Solicitation No. ITB 15-16-039(A)

Addendum No. 2

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18605 NW 27th Avenue

Miami Gardens, FL 33056

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<u>26</u>	Furnish all materials, labor & equipment to Raise Utilities Access (includes sewer cleanouts, water meters, manholes, water values).	Each	<u>50</u>	\$ <u>180.00</u>	\$ <u>9,000.00</u>
<u>27</u>	Furnish and install concrete water meter boxes to replace existing broken boxes in sidewalk slabs being replaced.	Each	<u>20</u>	\$ <u>200.00</u>	\$ <u>4,000.00</u>
<u>28</u>	Furnish all materials, labor & equipment to Pressure clean Brick Pavers & Paver Blocks.	Sq. Ft.	<u>500</u>	\$ <u>1.00</u>	\$ <u>500.00</u>
<u>29</u>	Furnish all materials, labor & equipment to Pressure clean Concrete Sidewalks.	Sq. Ft.	<u>500</u>	\$ <u>1.00</u>	\$ <u>500.00</u>
<u>30</u>	Furnish all materials, labor & equipment to install St. Augustine "Floritam" or Bahia sod on areas authorized by City. (includes grading, clearing, grubbing & disposal of material) This item is <u>not</u> for Damaged areas during installation by Contractor.	Sq. Ft.	<u>4,000</u>	\$ <u>0.80</u>	\$ <u>3,200.00</u>
<u>31</u>	<u>12" Root Bio Barrier</u>	<u>Linear Ft.</u>	<u>200</u>	\$ <u>18.00</u>	\$ <u>3,600.00</u>
ESTIMATED ANNUAL TOTAL LINE ITEMS NO. 1 – 31 BID PRICE (SUM OF TOTAL PRICE)				\$ <u>3,516,650.00</u>	

The above proposals and each line item includes the total cost to complete the Work detailed for each item including but not limited to materials (i.e. vegetation, concrete, asphalt, etc.), labor, equipment, bonds, etc. indicated in the drawings, specifications, addenda, and any other contract documents.

Delivery MUST be FOB destination; freight included and shall be inclusive of all costs. Current and/or anticipated applicable fuel costs should be considered and included in the bid.



Solicitation No. ITB 15-16-039(A)
Addendum No. 2
November 14, 2016

City of Miami Gardens

Office of Procurement Management
18605 NW 27th Avenue
Miami Gardens, FL 33056

Be sure to have the Invitation for Bid signed by an authorized representative of your firm or your bid will not be considered responsive.

BID SUBMITTED BY: Metro Express, Inc.
Company Name

Delio A. Trasdorez
Proposer Representative Name

Delio A. Trasdorez
Signature

Phone: 305-885-1330 Fax: 305-885-1327

Email: delio@metroexpresscorp.com



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/15/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Risk Strategies Company 3350 S Dixie Hwy Miami FL 33133		CONTACT NAME: PHONE (A/C, No, Ext): (305) 446-2271 FAX (A/C, No): E-MAIL ADDRESS:	
INSURED Metro Express, Inc. 9442 NW 109th Street Suite 100 Medley FL 33178		INSURER(S) AFFORDING COVERAGE INSURER A: American Zurich Insurance Co NAIC # 16535 INSURER B: North River Ins Co 21105 INSURER C: Bridgefield Casualty Ins Co 10701 INSURER D: INSURER E: INSURER F:	

COVERAGES

CERTIFICATE NUMBER: CL1791543505

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR	TYPE OF INSURANCE	ADDL SUBR	POLICY NUMBER	POLICY EFF	POLICY EXP	LIMITS
CLASS		INSR WVD		(MM/DD/YYYY)	(MM/DD/YYYY)	
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR ☒ XCU Included GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☒ PRO-JECT ☐ LOC OTHER:	☒	GL0018418502	9/12/2017	9/22/2018	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/OP AGG \$ 2,000,000
A	☒ AUTOMOBILE LIABILITY ☒ ANY AUTO ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ☒ NON-OWNED AUTOS		BAP018418402	9/12/2017	9/22/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
B	☒ UMBRELLA LIAB ☒ OCCUR EXCESS LIAB ☐ CLAIMS-MADE DED ☒ RETENTION \$ 0		5811073434	9/12/2017	9/22/2018	EACH OCCURRENCE \$ 3,000,000 AGGREGATE \$ 6,000,000
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	☐ Y ☒ N ☐ N/A	830-38388	9/22/2017	9/22/2018	☒ PER STATUTE ☐ OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

The Certificate Holder is Additional Insured with respects to General Liability.

CERTIFICATE HOLDER

CANCELLATION

The City of Dania Beach
100 West Dania Beach Blvd
Dania Beach, FL 33004

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

M Christian/GENFLO

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CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Consent Agenda

Continued from:

Requested Action (Identify appropriate Action or Motion)

TO APPROVE AND ADOPT A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A MEMORANDUM OF UNDERSTANDING FOR A COLLABORATION STUDY AND SUBSEQUENT DEVELOPMENT OF AN INTEGRATED SOLID WASTE AND RECYCLING SYSTEM MEMORANDUM OF UNDERSTANDING WITH BROWARD COUNTY LEAGUE OF CITIES; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

Purchasing Requests ONLY

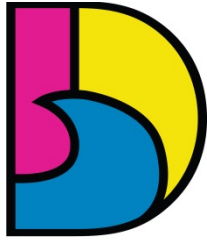
Dept:	Acct #:	Amt:
Fund:		

Fiscal Impact/Cost Summary

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Exhibits Attached

COMM-MEMO-BRWDCNTY-MOU-INTEGRTDS-SW-RECYLG-SYSTM-082719 (2), R-2019- BC MOU for Study and Development of Integrated Solid Waste and Recycling System MOU with BC and BLC Members, Update on the Status of Recycling in Broward County May 2018 (3), Copy of Broward Integrated Solid Waste and Recycling System MOU - City Approval .._ (5), 2019-05-24 Solid Waste MOU_FINAL (4)



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

CITY OF DANIA BEACH PUBLIC SERVICES DEPARTMENT

MEMORANDUM

DATE: August 27, 2019

TO: Honorable Mayor and Commissioners

VIA: Ana M. Garcia, ICMA- CM, City Manager

FROM: Fernando J. Rodriguez, Public Services Director

**RE: BROWARD COUNTY MEMORANDUM OF UNDERSTANDING (MOU) REGARDING
OPTION FOR FUTURE PARTICIPATION IN REGIONAL SOLID WASTE AND RECYCLING SYSTEM**

Request

City administration is requesting authorization to enter into an MOU with Broward County regarding participation in a collaborative study and subsequent development of an integrated solid waste and recycling system. This is an agreement that can be opted out from and which involves no up-front financial commitment.

Background

Since 2016, Broward County has been working with the City of Sunrise and several other county municipalities to evaluate how to reach the 75 percent statewide recycling goal, the creation of a regional solid waste and recyclables management system for the County, and other general solid waste management issues such as retaining public ownership of the county's Resource Recovery System. To this end, the County and a number of its municipalities agreed to hire a consultant to assist in these efforts. Arcadis U.S., Inc. delivered its final report and recommendations in December 2018. The most significant recommendation was to create a regional solid waste district for Broward County

In April 2019, at the request of the Broward County League of Cities Board of Directors, the Sunrise City Commission passed a resolution (refer to Exhibit A attached) expressing its support for continued efforts to create a regional solid waste and recyclables management system for Broward County. A key step in this effort was to create an MOU in order for local governments across the county to commit their participation in the process of developing a regional solid waste and recyclables management solution.

In June 2019, the Broward County Commission approved the attached MOU, which was developed with input from Broward County and the Broward League of Cities. This MOU is intended to: (a) identify the local governments that wish to participate in the establishment and implementation of a regional solid waste management system that is based upon a long-term, comprehensive plan to provide for efficient, effective and environmentally sensitive means by which to dispose of solid waste, yard waste, bulk waste, construction and demolition debris, household hazardous waste, and recyclable material: (b) establish a

mechanism and process to analyze and evaluate the Arcadis Recommendations; and (c) provide a schedule that the participating local governments agree to follow in order to initiate the establishment of a regional and solid waste management system. Although there is no funding requirement from the municipalities at this time, the MOU anticipates that there will be future funding requirements associated with the work to be performed under the MOU.

Earlier this summer, a significant number of Broward County municipalities, including Miramar, Pembroke Park, Hillsboro Beach, Lauderhill, Lauderdale-by-the-Sea, Weston have approved entering into the MOU. Over the coming two months, an additional 12 municipalities have placed this approval item on their commission agendas.

Budgetary Impact

This action will result in no up-front or near term financial impact. Future fees to cover the cost of further studies will be proposed for participating county municipalities, but cities have the option to opt out of the MOU.

Recommendation

City administration recommends City Commission to authorize entering into the attached MOU.

RESOLUTION NO. 2019-090

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A MEMORANDUM OF UNDERSTANDING FOR A COLLABORATION STUDY AND SUBSEQUENT DEVELOPMENT OF AN INTEGRATED SOLID WASTE AND RECYCLING SYSTEM MEMORANDUM OF UNDERSTANDING WITH BROWARD COUNTY AND MEMBERS OF THE BROWARD LEAGUE OF CITIES; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, as part of the resolution of a Resource Recovery Board lawsuit, the City of Sunrise has been working with Broward County and other municipalities towards a collaborative, integrated solid waste and recycling system, since 2016; and

WHEREAS, Arcadis U.S., Inc., along with other consultants, (the “Arcadis Team”) were hired to assist in these efforts, delivering its final reports and recommendations in December 2018; and

WHEREAS, the Arcadis Team’s recommendation was the creation of a regional solid waste district for Broward County; and

WHEREAS, on June 11, 2019, the Broward County Commission approved use of a Memorandum of Understanding (MOU) which is intended to identify the local governments that wish to participate in the establishment and implementation of a regional solid waste management and recycling system that is based upon a long-term comprehensive plan to provide for efficient, effective, and environmentally sensitive means to dispose of solid waste, yard waste, and recyclable materials which involve: (a) establishment of a mechanism and process to analyze and evaluate the Arcadis Team’s recommendations; and (b) provide a schedule that the participating local governments agree to follow in order to initiate the establishment of a regional solid waste management and recycling system;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That the above “Whereas” clauses are ratified, made a part of and incorporated into this Resolution by this reference.

Section 2. That the Dania Beach City Commission recognizes the need for implementing a regional solid waste management and recycling system.

Section 3. That the proper City officials are authorized to execute a Memorandum of Understanding with Broward County and members of the Broward League of Cities, which document is attached as Exhibit “A” and incorporated by this reference into this Resolution.

Section 4. This action will result in no up-front or near-term financial impact to the City. Future fees to cover the cost of further studies will be proposed for the County and participating municipalities; however, cities have the option to opt out of the MOU.

Section 5. That all resolutions or parts of resolutions in conflict with this Resolution are repealed to the extent of such conflict.

Section 6. That this Resolution shall be in force and take effect immediately upon its passage and adoption.

PASSED AND ADOPTED on August 27, 2019.

ATTEST:

THOMAS SCHNIEDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

**UPDATE ON THE STATUS OF RECYCLING
IN BROWARD COUNTY, FLORIDA
AS OF MAY 2018**

Purpose

Broward County and the municipalities therein are facing a solid waste crisis that will increase costs, potentially divert recyclable materials to landfills instead of more sustainable disposal options, and depress recycling outcomes for decades to come. These impacts are the result of our reliance on the profit-motivated private sector for solid waste disposal and recyclables processing. Municipalities lack local government control for and of the development and ownership of solid waste infrastructure designed to meet the needs of Broward County. In addition, Broward municipalities have been unable to utilize collective buying power to secure strategic, long-term contracts with the private sector to supplement our regional system. The following information is intended to provide an overview of solid waste and recycling in Broward County so that we can initiate meaningful dialog about developing a regional solution to this critical regional issue.

Executive Summary:

Recyclable materials (also described as recovered materials) actually represent a group of individual “commodities”, including glass, metals, paper, cardboard and plastics. Currently, it is a stated public policy to increase the diversion of recyclables from the waste stream headed to disposal, with a statewide target recycling goal of 75%. Public education and other strategies have been implemented to encourage more recycling.

In recent years, the national and international markets for processing certain recyclable commodities have collapsed. A number of factors have contributed to this situation:

- Foreign markets have reduced their absorption of recovered materials, creating supply of such materials in excess of demand;
- Contamination included in single-stream recycling has increased processing costs and reduced the quality of recycled commodities. As a result, a growing volume of otherwise recyclable materials is being rendered unusable and, therefore, diverted back into the waste stream for disposal rather than being sold in the recovered materials markets.

The economics surrounding recycling have become more challenging, even though actual and experimental uses for recovered and processed materials do exist. One result of this market collapse is the apparent failure and/or consolidation of recyclables processing companies.

On July 2, 2018, the original 5-year term of the recyclables processing contracts between Sun Bergeron and communities in Broward County will expire. Seventeen Broward municipalities, representing **one-half** of the county’s population, will be directly impacted. Further complicating this urgent challenge is that Waste Management owns the only single stream recycling facilities in this county. As a result, impacted Broward municipalities have very limited options:

- Negotiate new agreements with Waste Management;
- Negotiate an agreement with the municipal waste hauling companies or another solid waste/recycling company to deliver residential recyclables to one of Waste Management’s facilities or a processing facility in Miami-Dade County;

- Contract with a recyclables processing company outside of the South Florida region, and long-haul to that facility;
- Dispose of recyclables as solid waste until a recyclables processing contract can be secured;
- Convert single stream recycling programs to dual stream collection; or
- Discontinue recycling programs.

Recently, Coral Springs sought bids for a new recyclables processing contract; at the expiration of the bid period, no responsive bids were received. The potential financial and public policy impact of the pending contract expirations are urgent, if not better described as a crisis. Even Broward County and those municipalities not facing expiration of Sun Bergeron contracts are impacted by the decisions we make regionally to address this “crisis.” Clearly, near term and long term regional coordination is necessary on multiple issues, including data collection, negotiation and overall policy decisions.

Background History:

In 1987, Broward County and many of its municipalities entered into an Interlocal Agreement (the “ILA”) for the disposal and processing of various solid waste streams: garbage (also referred to as “processable waste”), residential recyclables, and household hazardous waste (“HHW”).

The *Resource Recovery System* (the “RRS”) was created as a dependent district of the County, and a governing board was established. Additional waste streams, including bulky waste and construction & demolition debris, were excluded from the RRS and each community chose its own disposal options for these materials.

Ultimately, 26 Broward municipalities joined the RRS and committed to disposing of garbage at two waste-to-energy (“WTE”) plants constructed with funding provided by the RRS, meaning the taxpayers of Broward County. Each member of the RRS also committed to delivering its residential recyclables to a privately owned and operated facility that specialized in processing and sorting the materials received, and delivering these commodities for sale to the recovered materials markets. On July 2, 2013, with public construction bonds fully paid off, the ILA expired and the RRS disbanded.

Effective July 3, 2013, the communities that were once members of the regional RRS made independent choices about the disposal of garbage and household hazardous waste (“HHW”) as well as the processing of residential recyclables (also described as “recovered materials”). Most communities entered into five-year recyclables processing agreements that expire on July 2, 2018.

Notably, by 2013, the ILA communities had transitioned from the original dual-stream recycling (paper and cardboard in one bin, with glass, plastic and metal containers in a second bin) to “single-stream recycling,” where all recyclable materials were commingled in a single recycling cart. With single-stream recycling came the acceptance of additional types of recyclable materials and the hope of significantly increased recycling, facilitated by a more convenient disposal process for our residents. While recycling tonnages did increase dramatically, so did costly contamination in two ways: residents included garbage and other materials without

marketable value, including low-quality paper, in their recycling carts; and the combination of glass and liquid with paper contaminated some otherwise recoverable materials.

Prior to the dissolution of the RRS in 2013, markets for recovered materials that were once generating strong revenues for the RRS member communities started to soften as China and other buyers reduced their dependence on paper, plastic and glass imported from the United States. Causing further downward price pressure on these commodities was the reduction of product quality that accompanied single-stream recycling due to contamination.

Today, the average market value of recovered materials from Broward County's communities is considerably lower than it was both five and ten years ago. Waste Management, the owner of the only two single-stream recycling facilities in Broward County, has indicated that it has no intent to renew its recyclables processing agreements with local governments under the same terms and conditions. Therefore, with just over two months before the expiration of the agreements that provide for the processing of their residential recyclables, most of Broward County's municipalities are looking for solutions for the next several years.

Issues Facing Broward County

- As of July 2, 2018, Broward municipalities representing **one-half** of the county's population of more than 1.8 million will have recyclables processing contracts with Sun Bergeron expire. Because Waste Management owns the only two single stream recycling facilities in Broward, these municipalities have very limited options:
 - Negotiate new agreements with Waste Management;
 - Negotiate an agreement with the municipal waste hauling companies or another solid waste/recycling company to deliver residential recyclables to one of Waste Management's facilities or a processing facility in Miami-Dade County;
 - Contract with a recyclables processing company outside of the South Florida region, and long-haul to that facility;
 - Dispose of recyclables as solid waste until a recyclables processing contract can be secured;
 - Convert single stream recycling programs to dual stream collection; or
 - Discontinue recycling programs.
- Each of these options has financial implications, as residential recycling programs have historically provided revenues from the sale of recovered materials that have exceeded the cost of processing the recyclables, with an overall positive revenue stream for municipalities. Unfortunately, each of the options above is generally accompanied by costs (associated with processing, transportation, or materials disposal) that exceed revenues, resulting in a subsidy from local government.
- Each of these options also has public policy implications associated with the diversion of recoverable materials from disposal as waste and the potential beneficial uses of those materials.
- According to a March 2018 presentation¹ by *Kessler Consulting* (as sub-consultant to Broward County consultant *Arcadis*), recycling rates in Broward County dropped precipitously between 2014 and 2016. For C&D and bulk waste, certified recycling

¹ Kessler Consulting utilized calendar year 2015 information sourced from reports developed by the City of Coconut Creek.

tonnage decreased during that timeframe from approximately 1.1 million tons to less than 300,000 tons. This trend is contrary to our sustainability goals and the progress that the RRS partner communities made over the course of 20+ years.

- The March 2018 *Kessler Consulting* report clearly communicates that efforts to meet the State of Florida's 75% recycling goal are dependent on effective recycling of paper, metals, plastics, C&D, bulk waste, yard waste, garbage, and other materials through a combination of programs designed to:
 - Reduce the disposal of materials that can otherwise be put to beneficial use through recycling and recovery efforts;
 - Use of some combination of waste-to-energy, composting and other technologies to convert putrescible or processable wastes into beneficial products;
 - Comprehensive commercial & multi-family recycling programs; and
 - Comprehensive education & outreach.
- One of the challenges facing our communities is obtaining or developing strong data about the solid waste and recycling operations, efforts, and outcomes across Broward County. Although Broward County previously provided comprehensive tracking and reporting in this area, the expiration of the RRS significantly reduced the County's ability to effectively meet this need because each community began operating independently rather than as a regional group. If the long-term goals of our County and municipalities are to be met, it is clear that re-instituting a regional clearinghouse of data must once again be a priority.
- There is also merit to considering taking local, public control of solid waste management and the processing of the various waste streams through a regional authority if Broward County and its municipalities wish to provide for long-term disposal and recycling solutions without reliance on a private sector motivated by profit.
- Evaluating regional opportunities to improve recycling outcomes, including the development of new processing technology, markets and uses (e.g., processing glass to make sand for aggregate, landscaping, clean fill, etc.) is critical to maximize the value of our waste reduction efforts.
- Additionally, as part of any analysis, there is also merit in considering the carbon footprint of recycling efforts (e.g., one truck to collect household waste and another to collect recovered materials for delivery to the ultimate processing facility).

Current Efforts in Broward County

Through an agreement between Broward County and 18 of the former RRS communities, a working group of County and municipal representatives was formed in December 2016 to develop a scope of services for a study intended to:

- Identify how a 75% County-wide recycling goal may be reached;
- Determine whether retaining public ownership of certain land (the "Alpha 250" site) would facilitate the meeting of that recycling goal or would provide other benefits in connection with solid waste disposal within Broward County; and
- Present general solid waste disposal issues, which may include options regarding flow control and potential governance or contractual structures for collaborative management of solid waste disposal.

Broward County issued a competitive procurement for these consulting services and ultimately awarded to *Arcadis*. The consultant has been working on the assignment since December 2017 and meets periodically with the working group to receive direction and review findings. Although this project will be ongoing for a number of months, it is already clear that the only practical way to meaningfully improve recycling outcomes County-wide and to provide for long-term solutions to Broward County's solid waste and recycling issues is through a regional system that does not rely on the private sector to own and provide the infrastructure required to manage our solid waste needs.

Background Facts & Figures

- RRS initiated in 1987
- RRS expired July 2, 2013
- RRS member communities:

Broward County	Lauderdale by the Sea	Pembroke Park
Coconut Creek	Lauderdale Lakes	Plantation
Cooper City	Lauderhill	Sea Ranch Lakes
Coral Springs	Lazy Lake	Southwest Ranches
Davie	Lighthouse Point	Sunrise
Deerfield Beach	Margate	Tamarac
Fort Lauderdale	Miramar	Weston
Hillsboro Beach	North Lauderdale	West Park
Hollywood	Oakland Park	Wilton Manors

- RRS non-member communities:

Dania Beach	Parkland	Pompano Beach
Hallandale Beach	Pembroke Pines	

- RRS facilities & programs:

North WTE facility	Southwest Regional Landfill
South WTE facility	Materials recovery facility (single stream)
Monarch Hill landfill	HHW facilities and programs
Ash Monofil	Alpha 250 property (undeveloped)

- Processable waste (including yard waste), estimated annual tons Countywide = 1,300,000²
- Construction & demolition debris, estimated annual tons Countywide = 970,000³
- Bulky trash, estimated annual tons Countywide = 323,000⁴
- Household hazardous waste (HHW), estimated annual tons Countywide = 800⁵
- Single-stream recycling, estimated annual tons Countywide = 108,000⁶
 - Sun Bergeron, estimated annual tons (17 municipalities) = 57,000
 - WM/Reuters Recycling, estimated annual tons (7 municipalities) = 29,000
 - Waste Connections (3 municipalities), estimated annual tons = 16,600
 - Waste Pro, estimated annual tons (unincorporated Broward County) = 800
 - Republic Services, estimated annual tons (Weston) = 4,600

² Source: Kessler Consulting, based on calendar year 2015 information from reports developed by Coconut Creek.

³ Source: Kessler Consulting, based on calendar year 2015 information from reports developed by Coconut Creek.

⁴ Source: Kessler Consulting, based on calendar year 2015 information from reports developed by Coconut Creek.

⁵ Estimated based on extrapolation of FY 2011 data from Resource Recovery System reports.

⁶ Source: Kessler Consulting

- Single-stream recycling material⁷ – representative % totals (varies by community) and market values as of March 2018:

Material	% of Total	AMV/Ton
Newspaper	16.3%	\$40.00
OCC Cardboard	11.3%	\$87.50
Mixed Paper	24.6%	\$5.00
Steel Cans	1.9%	\$17.50
Aluminum Cans	1.1%	\$1,480.00
Plastics #3-#7	4.0%	(\$30.00)
PET	6.5%	\$290.00
Natural HDPE	2.4%	\$750.00
Colored HDPE	2.2%	\$350.00
Glass (3 Mix)	13.7%	(\$22.50)
Polycoated Cartons	0.7%	\$0.00
Contamination	15.3%	\$0.00
AVERAGE AMV		\$74.52

- Single-stream recycling – Sun Bergeron processing fee/ton for March 2018 = \$51.16
- Single-stream recycling – Sun Bergeron municipal share of AMV for March 2018 = 45.01%

⁷ Source: March 2018 Sun Bergeron Average Market Value (AMV) report for City of Sunrise

BROWARD INTEGRATED SOLID WASTE AND RECYCLING SYSTEM MEMORANDUM OF UNDERSTANDING (MOU)
STATUS OF COUNTY AND MUNICIPAL APPROVALS

MOU Effective Date: 10/1/2019 if municipalities representing at least 50% of County's population execute the MOU by 9/30/2019

MUNICIPALITY	2018 BEBR POPULATION	COMMISSION APPROVAL DATE	PROVIDED TO BROWARD COUNTY?	SCHEDULED COMMISSION MEETING DATE	APPROVED POPULATION	% OF POPULATION APPROVED	SCHEDULED POPULATION
Broward County		06/11/19			-		-
BMSD	15,120				-		-
Coconut Creek	58,344			08/08/19	-		58,344
Cooper City	33,906	07/16/19			33,906		-
Coral Springs	128,757			07/17/19	-		128,757
Dania Beach	31,755				-		-
Davie	103,171			07/31/19	-		103,171
Deerfield Beach	78,573			08/06/19	-		78,573
Fort Lauderdale	182,827		No	08/20/19	-		182,827
Hallandale Beach	39,054			08/21/19	-		39,054
Hillsboro Beach	1,918	07/02/19	No		1,918		-
Hollywood	149,028			08/28/19	-		149,028
Lauderdale by-the-Sea	6,199	07/09/19	No		6,199		-
Lauderdale Lakes	36,475			09/10/19	-		36,475
Lauderhill	71,751	07/08/19			71,751		-
Lazy Lake	26				-		-
Lighthouse Point	10,560			08/27/19	-		10,560
Margate	58,329			08/21/19	-		58,329
Miramar	137,107	06/12/19	Yes		137,107		-
North Lauderdale	44,841			09/10/19	-		44,841
Oakland Park	45,276	07/17/19			45,276		-
Parkland	32,742			08/21/19	-		32,742
Pembroke Park	6,384	07/10/19	No		6,384		-
Pembroke Pines	165,352			08/07/19	-		165,352
Plantation	89,595			07/29/19	-		89,595
Pompano Beach	110,371			09/10/19	-		110,371
Sea Ranch Lakes	695			08/14/19	-		695
Southwest Ranches	7,706			08/08/19	-		7,706
Sunrise	92,663	06/25/19	Yes		92,663		-
Tamarac	64,663			08/28/19	-		64,663
West Park	14,985			08/07/19	-		14,985
Weston	66,972	07/01/19	Yes		66,972		-
Wilton Manors	12,831	07/09/19	Yes		12,831		-
	1,897,976				475,007	25.03%	1,376,068
							72.50%

**MEMORANDUM OF UNDERSTANDING
REGARDING COLLABORATIVE STUDY AND SUBSEQUENT DEVELOPMENT OF
AN INTEGRATED SOLID WASTE AND RECYCLING SYSTEM**

This Memorandum of Understanding Regarding Collaborative Study and Subsequent Development of an Integrated Solid Waste and Recycling System ("MOU"), by and among Broward County, Florida (the "County"), a political subdivision of the State of Florida, and those municipalities located within the County that approve and execute this MOU (individually, each is a "Participating Municipality"; collectively, the "Participating Municipalities"), is made and entered into as of the Effective Date (as defined below).

Recitals

A. The County and the Participating Municipalities recognize that there are significant short- and long-term benefits of regional management of solid waste disposal and recyclables processing, and are therefore committed to working toward establishing an integrated and comprehensive regional solid waste management system.

B. The County, working with numerous County municipalities, previously procured a study ("Study") for an evaluation and recommendations regarding (i) how to reach a seventy-five percent (75%) countywide recycling goal, (ii) the impact continued public ownership of a parcel of land known as Alpha 250 would have on said recycling goal and countywide solid waste disposal, and (iii) other general solid waste issues identified through the Study.

C. In June 2017, the County, in collaboration with numerous County municipalities, retained Arcadis, U.S., Inc., Kessler Consulting, Inc., Total Municipal Solutions, L.L.C., and GMAC Consulting, L.L.C. (collectively, the "Arcadis Team") to conduct the Study, which the Arcadis Team commenced in October 2017.

D. In December 2018, the Arcadis Team concluded the Study and issued its Solid Waste and Recycling Issues Study Final Report (the "Final Report"). The Final Report summarizes the Arcadis Team's findings and recommendations, which include the following: (i) an evaluation of three different scenarios through which the seventy-five percent (75%) countywide recycling goal could be achieved or approached by 2025; (ii) a recommendation that Alpha 250 remain publicly owned given its viability as a location for the development of certain solid waste processing facilities described in the Final Report; (iii) a recommendation that an independent special district be created as the governance structure for any established regional solid waste management system; and (iv) a recommendation that the solid waste processing facilities developed as part of the regional solid waste management system be based on a public/private partnership ownership option (collectively, the "Arcadis Recommendations").

E. With the benefit of the Arcadis Team's Final Report and the Arcadis Recommendations, the County and the Participating Municipalities now desire to formalize

their shared and ongoing commitment to work cooperatively in establishing and implementing a regional solid waste management system that addresses the short- and long-term opportunities and challenges associated with providing solid waste disposal and recyclables processing services to their respective constituents.

F. Accordingly, the County and the Participating Municipalities desire to enter into this MOU under the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by reference.
2. **Intent.** This MOU is intended to: (a) identify the local governments that wish to participate in the establishment and implementation of a regional solid waste management system that is based upon a long-term, comprehensive plan to provide for efficient, effective, and environmentally sensitive means by which to dispose of solid waste, yard waste, bulk waste, construction and demolition debris, household hazardous waste, and recyclable materials; (b) establish a mechanism and process to analyze and evaluate the Arcadis Recommendations; and (c) provide a schedule, as defined below, that these local governments agree to follow in order to initiate the establishment of a regional solid waste management system.
3. **Representation.** The County and the Participating Municipalities each agree that the County and each Participating Municipality shall have representation under this MOU and under any governing body established to govern any integrated solid waste and recycling system resulting from this MOU. The County and the Participating Municipalities shall establish rules governing their activities related to any governing body established hereunder.
4. **Agreement to Collaborate and Work Together.** The County and the Participating Municipalities each agree to work cooperatively, diligently, and in good faith with one another to develop countywide strategies and solutions to address short- and long-term opportunities and challenges associated with providing cost-effective solid waste and recyclables processing and disposal services to their respective constituents.
5. **Schedule.** The County and the Participating Municipalities shall use all diligent efforts to jointly achieve the milestones listed in Exhibit A (Milestone Schedule), attached hereto and incorporated herein, within the time periods specified.
6. **Working Group.** The County and the Participating Municipalities shall designate a working group ("Working Group"). The purpose of the Working Group is to establish policy and provide direction to the Technical Group and any consultants retained by Working Group. The Working Group shall consist of no fewer than five members and no more than nine

members. One member shall be a member of the Board of County Commissioners, and the remaining members shall each be a member of the governing body of a Participating Municipality. The Participating Municipalities will determine the number of, and the process for, selection of the municipal representatives on the Working Group. The County or any Participating Municipality shall be represented by no more than one member of their respective body. All Working Group meetings shall be open to all Participating Municipalities not represented in the Working Group. The Working Group will be staffed jointly by the Broward League of Cities and the County.

7. **Technical Group.** The County and the Participating Municipalities shall establish a technical group ("Technical Group"). The purpose of the Technical Group is to address the operational aspect of integrated solid waste and recycling systems, recommend to the Working Group the retention of any needed consultants, and report findings and recommendations to the Working Group. Any Participating Municipality may, at its discretion, have one representative serve as a member of the Technical Group. The County may have two representatives serve as members of the Technical Group.

8. **Continued Study.** Recognizing the benefit of the Study conducted by the Arcadis Team and the need for continued study and independent analysis, the County and the Participating Municipalities agree to jointly undertake the continued study and analysis of additional critical solid waste issues identified by mutual agreement, which may relate to recycling programs, identification and location of necessary assets, and options for flow control. A detailed and comprehensive scope of such continued study and analysis will be developed by the Working Group, and the Working Group shall retain and interact with any appropriate consultant and/or attorneys during the course of the continued study to ensure that balance and independence are maintained throughout. The County and the Participating Municipalities further agree that the respective financial contributions necessary for the continued study and analysis described herein will be mutually agreed upon.

9. **Solid Waste Pledge.** Provided acceptable terms can be developed and lawfully implemented, the County and the Participating Municipalities are prepared, subject to future approval of binding agreements or enactment of law, to pledge their solid waste flow for as many years as necessary (perhaps as many as thirty (30) years) in order to finance the property and construction that will be needed to create and develop the regional solid waste management system that the County and the Participating Municipalities seek to establish pursuant to this MOU. Nothing in this MOU commits any party to supporting any potential legislation, including legislation that would establish a special district.

10. **Shared Principles and Commitments.** The County and the Participating Municipalities agree that the effectiveness and longevity of a regional solid waste management system depend on certain principles and commitments, including but not limited to the following:

- i. County-wide solid waste disposal and recycling efforts are best accomplished as collaborative ventures among the County and the Participating Municipalities, as

collaboration would enable the development of a regional solid waste management system that would serve the needs of all residents for many decades and that is capable of taking advantage of purchasing economies and other economies of scale.

- ii. In developing a regional solid waste management system, the County and the Participating Municipalities are committed to considering all of the Arcadis Recommendations as well as the preferences of the County and the Participating Municipalities and the results of the continued study and analysis described in Section 8 above.
- iii. The County and the Participating Municipalities are committed to exploring all possible governance structures for a regional solid waste management system. In addition to the independent special district recommended by the Arcadis Team in its Arcadis Recommendations, the County and the Participating Municipalities may also consider other possible governance structures for a regional solid waste management system that may be proposed by the County or any Participating Municipality, including one to which the parties could agree pursuant to an interlocal agreement. That said, the County and the Participating Municipalities prefer a governance structure that, if possible, maintains local control and flexibility while still affording the opportunity to effectively establish assessments or other mechanisms to, if desired, permit economic flow control.
- iv. The County and the Participating Municipalities are committed to discussing organizational structures for a regional solid waste management system that may consist of common ownership and/or common control of the system's acquired and constructed public assets, as well as common responsibility for the system's liabilities, such as landfill closure and long-term maintenance costs. The County and the Participating Municipalities are also committed to developing a mutually agreed-upon arrangement regarding control over the operations of the system.
- v. The County and the Participating Municipalities are committed to exercising common control over the setting of tipping and other fees, with such fees being set in an amount that is adequate to recover all costs, including reasonable personnel costs. While full cost recovery is required, the County and the Participating Municipalities agree that continuous effort should be expended to ensure that fees are kept at the lowest practicable level while still providing a comprehensive range of solid waste disposal and recyclables processing offerings.
- vi. There is a critical need to develop robust recycling programs even when the status of the recycling market imposes additional short-term costs, and the full value of such programs involves far more than a comparison of the cost thereof to the cost of common disposal of recyclables. Instead, all externalities must be considered in determining whether a given recycling program is feasible, including careful

consideration of the long-term impacts that a failure to adequately recycle will cause.

- vii. All available options regarding programs and required assets should be identified and analyzed, including potentially contracting with private entities under terms that would protect the long-term interests of the County and the Participating Municipalities. Alpha 250 and the Broward County Landfill should be analyzed to determine what role these properties will play in the regional solid waste management system, with due consideration paid to the County's statutory obligations that would continue beyond any expiration of the collaborative arrangement established by the parties. Further, the County's and the Participating Municipalities' respective interests in various public assets that may become part of the regional solid waste management system shall be taken into account in determining the County's and each of the Participating Municipalities' respective financial contributions for establishing and supporting the operations of the regional solid waste management system. Nothing in this MOU, however, obligates or commits the County or the Participating Municipalities with respect to Alpha 250, the Broward County Landfill, or any other public asset that may become part of the regional solid waste management system; any such obligation or commitment may only be effectuated pursuant to a subsequent written agreement.

11. **Approval Process.** Once approved by the County Commission, this MOU is to be presented for approval at public Commission/Council meetings at each of the municipalities located within the County. Each such municipality will then have until September 30, 2019 to approve and execute this MOU and thereby join as a Participating Municipality hereunder.

12. **Effective Date.** The "Effective Date" of this MOU shall be October 1, 2019; provided, however, to become effective, municipalities collectively representing no less than fifty percent (50%) of the County's total population must timely approve and execute this MOU by such date. Provided this MOU becomes effective consistent with the preceding sentence, any municipality not timely approving and executing this MOU may become a Participating Municipality by thereafter approving and executing this MOU, provided a majority of Participating Municipalities approve the addition of the municipality. A Participating Municipality or the County may withdraw from this MOU at any time by serving writing notice upon the other parties. Upon withdrawal, the municipality or the County shall have no further obligations, financial or otherwise, but shall not be entitled to the refund of any contributions previously made and will no longer be entitled to participate or have any voting rights previously established.

13. **Entire Agreement.** This MOU constitutes the entire agreement between the County and the Participating Municipalities relating to the transactions contemplated herein and supersedes and cancels any other agreement, representation, or communication, whether oral or written, between the County and the Participating Municipalities relating to the specific

subject matter addressed in the MOU.

14. **Headings.** The section and subsection headings in this MOU are inserted for convenience only and shall not affect in any way the meaning or interpretations of this MOU.

15. **Counterparts and Multiple Originals.** This MOU may be executed in multiple originals, and may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same instrument.

16. **Joint Preparation.** The preparation of this MOU has been a joint effort of the parties hereto and the resulting document shall not, solely as a matter of judicial construction, be construed more severely against any party hereto.

(Remainder of Page Intentionally Left Blank)

IN WITNESS WHEREOF, the parties hereto have made and executed this Memorandum of Understanding Regarding Collaborative Study and Subsequent Development of an Integrated Solid Waste and Recycling System on the respective dates under each signature: Broward County, signing by and through its Mayor or Vice-Mayor, duly authorized to execute same by Board action on the 11th day of June, 2019, and the Participating Municipalities, signing by and through their respective Mayors or other representatives duly authorized to execute same.

BROWARD COUNTY

ATTEST:

BROWARD COUNTY, by and through
its Board of County Commissioners

Broward County Administrator, as
ex officio Clerk of the Broward County
Board of County Commissioners

By _____
Mayor
____ day of _____, 2019

Approved as to form by
Andrew J. Meyers
Broward County Attorney
Governmental Center, Suite 423
115 South Andrews Avenue
Fort Lauderdale, Florida 33301
Telephone: (954) 357-7600
Telecopier: (954) 357-7641

By _____
Keoki M. Baron (Date)
Assistant County Attorney

**MEMORANDUM OF UNDERSTANDING
REGARDING COLLABORATIVE STUDY AND SUBSEQUENT DEVELOPMENT OF
AN INTEGRATED SOLID WASTE AND RECYCLING SYSTEM**

[NAME OF PARTICIPATING MUNICIPALITY]

ATTEST: _____ OF _____

_____, City Clerk

BY: _____
Mayor
____ day of _____, 2019

Approved as to form and legality:

By: _____
City Attorney
____ day of _____, 2019

By: _____
City Manager
____ day of _____, 2019

Exhibit A
Milestone Schedule

Milestone Description	Milestone Dates
County Approval of the MOU	June 11, 2019
Participating Municipality Approval of the MOU	September 30, 2019
Designation of Working Group	November 15, 2019
Designation of Technical Group	December 15, 2019
Retention of consultants and/or any required legal counsel	December 15, 2019
Determination as to form of governance for the regional solid waste management system (e.g., interlocal agreement, special district*)	April 20, 2020
*Finalization of the necessary creation documents (which would permit timely submission to the Florida Legislature if an independent special district is to be pursued)	September 30, 2020

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Consent Agenda

Continued from:

Requested Action (Identify appropriate Action or Motion)

TO ADOPT A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO WAIVE COMPETITIVE BIDDING REQUIREMENTS AND AUTHORIZE CITY OFFICIALS TO PROCEED WITHOUT ADVERTISEMENT FOR BIDS FOR THE PURCHASE AND INSTALLATION OF A REPLACEMENT LIME SLAKER UNIT AND TO PROCURE IT FROM SOUTHLAND CONTROLS, INC., IN AN AMOUNT TO EXCEED EIGHTY THOUSAND DOLLARS (\$80,000.00); PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

Purchasing Requests ONLY

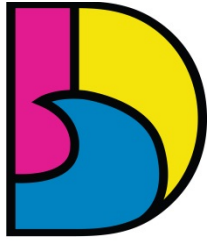
Dept:	Acct #:	Amt:
Fund:		

Fiscal Impact/Cost Summary

--

Exhibits Attached

COMM-MEMO-LIMESLAKERREPLCMT-082719revFJR (Fin Rev 8-16-19), R-2019-Purchase of Lime Slaker Replacement Unit from Southland Controls, southland controls slaker quote 8.16.19



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

CITY OF DANIA BEACH PUBLIC SERVICES DEPARTMENT

MEMORANDUM

DATE: August 27, 2019

TO: Honorable Mayor, Vice Mayor and Commissioners

VIA: Ana M. Garcia, ICMA-CM, City Manager

FROM: Fernando J. Rodriguez, Public Services Director

SUBJECT: REPLACEMENT OF LIME SLAKER UNIT AT WATER TREATMENT PLANT

Request

Public Services is requesting authorization to waive the bid requirement for the purchase and installation of a reconditioned lime slaker unit in the Water Treatment Plant.

Background

The Water Treatment Plant's lime slaker unit is critical in the treatment process of the raw water supply which ultimately results in clean, safe drinking water supplied to approximately 19,000 residents. The slaker hydrates the lime powder which is then used to "soften" the water, a necessary and extremely important step in the treatment process. The slaker unit is over 25 years old, and while it currently functions properly, it has reached the end of its useful life.

Public Services Department has extensively researched the most cost effective options to replace the lime slaker. The Department has identified a reputable and long-established Florida vendor, Southland Controls, Inc., who provides high-quality reconditioned lime slakers such as the one needed at the plant. All parts in the reconditioned slaker unit are new, the grit removing housings are high grade stainless steel, and the durable Baldor motors to be installed come with a 1-year warranty. This reasonable cost option to replace the aged lime slaker in the water plant will save the City over \$70,000.00 (in comparison to purchasing a new slaker).

Southland Controls specializes in this type of reconditioning and have an excellent reputation for their high quality work and being extremely responsive to customers' needs both during and after the provision of service. For these reasons, the waiver of the bid requirement is being requested.

\continued...

COMMISSION MEMORANDUM**SUBJECT: REPLACEMENT OF LIME SLAKER UNIT AT WATER TREATMENT PLANT**

Page 2 of 2

Budgetary Impact

The cost for the refurbished lime slaker is \$80,000.00. Funds are available and appropriated in the amount of \$100,000.00 in Water Utility Limeslaker Refurbishment account #401-33-45-533-63-10.

Recommendation

City Administration recommends approval of the bid waiver and the expenditure of \$80,000.00 for the replacement of the Water Plant's lime slaker unit.

RESOLUTION NO. 2019-091

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO WAIVE COMPETITIVE BIDDING REQUIREMENTS AND AUTHORIZE CITY OFFICIALS TO PROCEED WITHOUT ADVERTISEMENT FOR BIDS FOR THE PURCHASE AND INSTALLATION OF A REPLACEMENT LIME SLAKER UNIT AND TO PROCURE IT FROM SOUTHLAND CONTROLS, INC., IN AN AMOUNT NOT TO EXCEED EIGHTY THOUSAND DOLLARS (\$80,000.00); PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Charter of the City of Dania Beach, Part III, Article 3, Section 4, Subsection (j), authorizes the City Manager to purchase supplies, services, equipment and materials for the City government in amounts in excess of the established monetary threshold without competitive bidding and without advertisement for bids, if she is authorized to do so in advance by a resolution adopted by the City Commission; and

WHEREAS, the Dania Beach Code of Ordinances, Chapter 2, Article 1, Section 2-10, "Monetary thresholds for certain purchases and payment disbursement authorizations", Subsection (a), set the monetary threshold or limitation at \$25,000.00; and

WHEREAS, the City Water Treatment Plant's processing of its raw water supply to safe, potable drinkable water involves a critical step by mixing water and limestone, which is accomplished by a lime slaker unit; and

WHEREAS, the City's Water Plant provides drinking water to approximately 19,000 residents; and

WHEREAS, the lime slaker unit is approximately twenty-five years old and has reached the end of its useful life; and

WHEREAS, the Public Services Department has identified a cost effective approach to replacing the lime slaker with a completely reconditioned unit from Southland Controls, Inc., a reputable, long established Florida supplier; and

WHEREAS, Southland Controls, Inc. specializes in reconditioning lime slakers with high quality, brand new components including durable motors and top grade stainless steel casings; and

WHEREAS, the cost of this vendor's reconditioned slaker is significantly lower than that of a new unit;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That the above “Whereas” clauses are ratified and confirmed as being true and correct, and they are made a part of and incorporated into this Resolution by this reference.

Section 2. That the City Commission approves of the purchase of and installation of a reconditioned lime slaker unit from Southland Controls, Inc. in an amount not to exceed Eighty Thousand Dollars (\$80,000.00) without competitive bidding.

Section 3. That funding for the purchase and installation of a lime slaker unit is appropriated and available in the Fiscal Year 2018-2019 Water Fund Lime Slaker Refurbishment Project Account # 401-33-45-533-63-10 in the amount of \$100,000.00.

Section 4. That this Resolution shall be in full force and take effect immediately upon its passage and adoption.

PASSED AND ADOPTED on August 27, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

Southland Controls Inc

PO Box 1169

Palm City, FL 34991-1169

QUOTE

Date	QUOTE #
8/16/2019	224

Name / Address
City of Dania Beach Utilities 100 W Dania Beach Blvd Dania Beach, FL 33004

			Project
Description	Qty	Cost	Total
PROVIDE AND INSTALL ONE (1) RECONDITIONED 1000 LBS/HR LIME SLAKER. TO INCLUDE ONE (1) 1000 LBS/HR STAINLESS STEEL TUB ASSEMBLY. ONE RECONDITIONED LIME BELT FEEDER ASSEMBLY. ONE (1) RECONDITIONED CONTROL PANEL AND ONE (1) NEW STAINLESS STEEL GRIT HOUSING ASSEMBLY. ALL UNITS ARE POWDER COATED FOR LONG LIFE AND ASSEMBLED WITH STAINLESS STEEL HARDWARE. RECONDITION 1000 LBS / HR LIME SLAKER NOTE. THIS IS A QUOTE. THE PRICE WILL NOT EXCEED AMOUNT.		80,000.00	80,000.00
It's been a pleasure working with you!		Total	\$80,000.00

Customer Signature _____

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Consent Agenda

Continued from:

Requested Action (Identify appropriate Action or Motion)

TO APPROVE AND ADOPT A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH FLORIDA AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A MAINTENANCE MEMORANDUM OF AGREEMENT WITH THE STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION TO PROVIDE FOR THE CITY TO PERFORM NECESSARY MAINTENANCE TO LANDSCAPE IMPROVEMENTS WITHIN THE RIGHT OF WAY OF STATE ROAD A1A (EAST DANIA BEACH BOULEVARD) FROM MILE POST 7.322 TO MILE POST 7.385 LOCATED WITHIN THE CITY OF DANIA BEACH; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

Purchasing Requests ONLY

Dept:

Acct #:

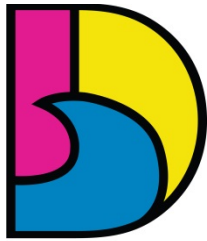
Amt:

Fund:

Fiscal Impact/Cost Summary

Exhibits Attached

Agenda Memo-FDOT MMOA St. Rd. A1A (E. Dania Bch Blvd.) 5-1 Revised. docc.._, R-2019- FDOT Maintenance Memorandum of Agreement State Rd. A1A (East Dania Bch Blvd.), Exhibit A- FDOT MMOA St. Rd. A1A (East DB Blvd.) (2)



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

CITY OF DANIA BEACH
PUBLIC SERVICES DEPARTMENT

MEMORANDUM

DATE: August 27, 2019

TO: Honorable Mayor and Commissioners

FROM: Ana M. Garcia, ICMA-CM, City Manager

VIA: Fernando J. Rodriguez , Public Services Director

RE: FDOT Landscaping Maintenance Memorandum of Agreement for a Section of State Road A1A (East Dania Beach Blvd.)

Request

The City Commission is requested to authorize by resolution a Landscaping Maintenance Memorandum of Agreement (MMOA) between the Florida Department of Transportation (FDOT) and the City for the maintenance of new landscaping in the right-of-way along the section of State Road A1A (south side of East Dania Beach Blvd. along the new Dania Place development).

Background

The Dania Place developer posted a \$35,200 landscape bond as a final condition of their Certificate of Occupancy, pending the installation of street trees along East Dania Beach Blvd. Dania Place was constructed under the City's Urban Code which allows for buildings to be constructed with no setback in order to create an "urban" street. As a result of the building placement, the FDOT has approved the placement of six (6) palms in the right-of-way to meet the City's landscaping requirements.

Budgetary Impact

The cost associated with agreement is estimated at \$1,200.00 per year starting in fiscal year 2020. Funding for the Landscaping Maintenance Memorandum of Agreement (MMOA) will be paid from future annual budget appropriations of the General Fund, Public Services Streets Maintenance Division budget starting FY2020.

Recommendation

It is recommended that the City Commission approve the Landscaping Maintenance Memorandum of Agreement under the terms and conditions therein and authorize the City Manager to execute the same. As East Dania Beach Boulevard is a State Road, a maintenance agreement is required for the trees. This action aligns CRA plans and City regulations with making the City of Dania Beach a safer and more beautiful place.

RESOLUTION NO. 2019-092

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE A MAINTENANCE MEMORANDUM OF AGREEMENT WITH THE STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION TO PROVIDE FOR THE CITY TO PERFORM NECESSARY MAINTENANCE TO LANDSCAPE IMPROVEMENTS WITHIN THE RIGHT OF WAY OF STATE ROAD A1A (EAST DANIA BEACH BOULEVARD) FROM MILE POST 7.322 TO MILE POST 7.385 LOCATED WITHIN THE CITY OF DANIA BEACH; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That the proper City officials are authorized to execute a Maintenance Memorandum of Agreement (“MMOA”) on behalf of the City of Dania Beach with the State of Florida Department of Transportation in which the City agrees to perform necessary ongoing maintenance to landscape improvements resulting from project work for a portion of State Road A1A (East Dania Beach Boulevard), a copy of the MMOA in substantial form is attached as Exhibit “A”.

Section 2. That the City Manager and City Attorney are authorized to make minor revisions to the MMOA as are deemed necessary and proper for the best interest of the City.

Section 3. That all initial costs associated with the MMOA are the responsibility of Florida Department of Transportation (FDOT).

Section 4. That the City will be responsible for landscape maintenance costs going forward for Fiscal Year 2019-2020 in an annual amount not to exceed One Thousand Two Hundred Dollars (\$1,200.00) to be appropriated from the General Fund Services Street Maintenance Division budget starting in Fiscal Year 2020.

Section 5. That all resolutions or part of resolutions in conflict with this Resolution are repealed to the extent of such conflict.

Section 6. That this resolution shall be in full force and take effect immediately upon its passage and adoption.

PASSED AND ADOPTED on August 27, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

- (f) If it becomes necessary to provide utilities (water/electricity) to the median or side areas, it shall be the AGENCY'S responsibility to obtain a permit for such work through the local Operations Center (see paragraph (m) below) and the AGENCY shall be responsible for all associated fees for the installation and maintenance of these utilities.
- (g) All specialty surfacing shall be installed and maintained in strict accordance with the most current edition of the *Florida Accessibility Code for Building Construction* and the *Interlocking Concrete Pavement institute (ICPI)*.
- (h) All activities, including landscape improvements installation and future maintenance operations performed on State highway right of way, must be in conformity with the most current edition of the *Manual on Uniform Traffic Control (MUTCD)* and *FDOT Design Standards*, Index 600 Series, *Traffic Control through Work Zones*.
- (i) The most current edition of *FDOT Design Standards*, Index 546 (Sight Distance at Intersections) must be adhered to.
- (j) Lateral Offsets as specified in the *FDOT Plans Preparation Manual*, Volume 1, Chapters 2 and 4 and *FDOT Design Standards*, Index 700 must be adhered to.
- (k) Landscape improvements shall not obstruct roadside signs or permitted outdoor advertising signs, (see Florida Administrative Code [F.A.C.] Rule Chapter 14-10.)
- (l) The AGENCY shall provide the local FDOT Operation Center located at Broward Operations, 5548 NW 9th Avenue, Ft. Lauderdale, FL 33309 (954) 776-4300, a twenty-four (24) hour telephone number and the name of a responsible person that the DEPARTMENT may contact. The AGENCY shall notify the local maintenance office forty-eight (48) hours prior to the start of the landscape improvements.
- (m) If there is a need to restrict the normal flow of traffic, it shall be done on non-holiday, weekday off-peak hours (9 AM to 3 PM), and the party performing such work shall give notice to the local law enforcement agency within whose jurisdiction such road is located prior to commencing work on the landscape improvements. The DEPARTMENT'S Operation Center Public Information Office shall also be notified.
- (n) The AGENCY shall be responsible to clear all utilities within the landscape improvement limits before construction commences.
- (o) The AGENCY shall follow the minimum level of maintenance guidelines as set forth in FDOT'S Rule Chapter 14-40 *Highway Beautification and Landscape Management*, in the *FDOT Guide to Roadside Mowing and Maintenance Management System*, and **Exhibit "C"**, the *Maintenance Plan* for maintenance activities for landscape improvements.

3. MAINTENANCE OF FACILITIES

- A. The AGENCY agrees to maintain the landscape improvements, as existing and those to be installed, within the physical limits described in **Exhibit "A"** and as further described in **Exhibit "B"**. The non-standard improvements within and outside the travelway shall be maintained by the AGENCY regardless if the said improvement was made by the DEPARTMENT, the AGENCY, or others authorized pursuant to Section 7, by periodic mowing, pruning, fertilizing, weeding, curb and sidewalk edging, litter pickup, necessary replanting, irrigation system repair and/ or repair of any median concrete replacement associated with specialty surfacing (if applicable) following the DEPARTMENT'S landscape safety and maintenance guidelines, **Exhibit "C"**, the Maintenance Plan. The AGENCY'S responsibility for maintenance shall include all landscaped, turfed and hardscape areas on the sidewalk or within the medians and areas outside the travelway to the right of way and/or areas within the travelway containing specialty surfacing. It shall be the responsibility of the AGENCY to restore an unacceptable ride condition of the roadway caused by the differential characteristics of non-standard travelway surfacing (if applicable) on DEPARTMENT right of way within the limits of this Agreement.
- B. Such maintenance to be provided by the AGENCY is specifically set out as follows: to maintain, which means to properly water and fertilize all plant materials; to keep them as free as practicable from disease and harmful insects; to properly mulch the planting beds; to keep the premises free of weeds; to mow the turf to the proper height; to properly prune all plants which at a minimum includes: (1) removing dead or diseased parts of plants, (2) pruning such parts thereof to provide clear visibility to signage, permitted outdoor advertising signs per Florida Statute 479.106 and for those using the roadway and/or sidewalk; (3) preventing any other potential roadway hazards. *Plant materials* shall be those items which would be scientifically classified as plants and including trees, palms, shrubs, groundcover and turf. To maintain also means to remove or replace dead or diseased plant materials in their entirety, or to remove or replace those that fall below original project standards. Palms shall be kept fruit free year-round. To maintain also means to keep the header curbs that contain the specialty surfacing treatment in optimum condition. To maintain also means to keep the non-standard hardscape areas clean, free from weeds and to repair said hardscape as is necessary to prevent a safety hazard. To maintain also means to keep litter removed from the median and areas outside the travel way to the right of way line. All plants removed for whatever reason shall be replaced by plants of the same species type, size, and grade as specified in the original plans and specifications. Any changes to the original plans shall be submitted by permit application to the DEPARTMENT for review and approval.
- C. If it becomes necessary to provide utilities (water/electricity) to the medians or areas outside the travelway to maintain these improvements, all costs associated with the utilities associated for the landscape improvements including, but not limited to any impact and/or connection fees, and the on-going cost of utility usage for water and electrical, are the maintaining AGENCY'S responsibility.

The AGENCY shall be directly responsible for impact and connection fees.

4. NOTICE OF MAINTENANCE DEFICIENCIES

(1) Maintain the landscape improvements or any part thereof, with the DEPARTMENT or Contractor's personnel and invoice the AGENCY for expenses incurred, and/or

5. FUTURE DEPARTMENT IMPROVEMENTS

The AGENCY shall be given sixty (60) calendar day notice to remove said landscape improvements at the AGENCY's expense after which time the DEPARTMENT may remove same. All permits (including tree permits), fees, and any mitigation associated with the removal, relocation or adjustments of these improvements are the maintaining AGENCY'S responsibility.

- (a) Plans for any new landscape improvements shall be subject to approval by the DEPARTMENT. The AGENCY shall not change or deviate from said plans without written approval by the DEPARTMENT.
- (b) All landscape improvements shall be developed and implemented in accordance with appropriate state safety and roadway design standards.
- (c) The AGENCY agrees to comply with the requirements of this Agreement with regard to any additional landscape improvements it chooses to have installed and there will be no cost to the DEPARTMENT.

7. ADJACENT PROPERTY OWNER IMPROVEMENTS

The DEPARTMENT may allow an adjacent property owner to construct additional landscape improvements within the limits of the right of way identified in **Exhibit "A"** of this Agreement that the AGENCY shall be responsible for maintaining under this Agreement, subject to the following conditions:

- (a) Plans for any new landscape improvements shall be subject to approval by the DEPARTMENT and shall require a valid permit attached with a letter of consent to said plans by the AGENCY. The plans shall not be changed or deviated from without written approval by the DEPARTMENT and the AGENCY.
- (b) All landscape improvements shall be developed and implemented in accordance with appropriate state safety and roadway design standards.
- (c) The AGENCY agrees to comply with the requirements of this Agreement with regard to any additional landscape improvements installed by an adjacent owner.

8. AGREEMENT TERMINATION

In addition to those conditions otherwise contained herein, this Agreement may be terminated under any one (1) of the following conditions:

- (a) By the DEPARTMENT, if the AGENCY fails to perform its duties under this Agreement, following ten (10) days written notice.
- (b) By the DEPARTMENT, for refusal by the AGENCY to allow public access to all documents, papers, letters, or other material subject to the provisions of Chapter 119, Florida Statutes, and made or received by the AGENCY in conjunction with this Agreement.

9. AGREEMENT TERM

The term of this Agreement commences upon execution by all parties. The term of this Agreement shall remain in effect for twenty-five (25) years.

10. LIABILITY AND INSURANCE REQUIREMENTS

- A. With respect to any of the AGENCY'S agents, consultants, sub-consultants, contractors and/or sub-contractors, such party in any contract for the landscape improvements shall agree to indemnify, defend, save and hold harmless the DEPARTMENT from all claims, demands, liabilities, and suits of any nature arising out of, because of or due to any intentional and/or negligent act or occurrence, omission or commission of such agents, consultants, subconsultants, contractors and/or subcontractors. The AGENCY shall provide to the DEPARTMENT written evidence of the foregoing upon the request of the DEPARTMENT. It is specifically understood and agreed that this indemnification clause does not cover or indemnify the DEPARTMENT for its own negligence.
- B. In the event that AGENCY contracts with a third party to provide the services set forth herein, any contract with such third party shall include the following provisions:
- (1) AGENCY'S contractor shall at all times during the term of this Agreement keep and maintain in full force and effect, at contractor's sole cost and expense, Comprehensive General Liability with minimum limits of \$1,000,000.00 per occurrence combined single limit for Bodily Injury Liability and Property Damage Liability and Worker's Compensation insurance with minimum limits of \$500,000.00 per Liability. Coverage must be afforded on a form no more restrictive than the latest edition of the Comprehensive General Liability and Worker's Compensation policy without restrictive endorsements, as filed by the Insurance Services Office. The AGENCY and DEPARTMENT shall be named as additional insured on such policies.
 - (2) AGENCY'S contractor shall furnish AGENCY with Certificates of Insurance of Endorsements evidencing the insurance coverage specified herein prior to the beginning performance of work under this Agreement.
 - (3) Coverage is not to cease and is to remain in full force and effect (subject to cancellation notice) until all performance required of AGENCY'S contractor is completed. All policies must be endorsed to provide the DEPARTMENT with at least thirty (30) day notice of cancellation and or/or restriction. If any of the insurance coverage will expire prior to the completion of work, copies of renewal policies shall be furnished at least (30) days prior to the date of expiration.

11. E-VERIFY REQUIREMENTS

The AGENCY shall:

- (a) Utilize the U.S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all new employees hired by the AGENCY during the term of the contract; and
- (b) Expressly require any subcontractors performing work or providing services pursuant to the state contract to likewise utilize the U.S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all new employees hired by the subcontractor during the contract term.

12. SUPERSEDED AGREEMENTS

This writing embodies the entire Agreement and understanding between the parties hereto and there are no other Agreements and understanding, oral or written, with reference to the subject matter hereof that are not merged herein and superseded hereby (except the associated Landscape Permit).

13. FISCAL TERMS

The DEPARTMENT, during any fiscal year, shall not expend money, incur any liability, or enter into any contract which, by its terms, involves the expenditure of money in excess of the amounts budgeted as available for expenditure during such fiscal year. Any contract, verbal or written, made in violation of this subsection is null and void, and no money will/may be paid on such contract. The DEPARTMENT shall require a statement from the Comptroller of the DEPARTMENT that funds are available prior to entering into any such contract or other binding commitment of funds. Nothing herein contained shall prevent the making of contracts for periods exceeding one (1) year, but any contract so made shall be executory only for the value of the services to be rendered or agreed to be paid for in succeeding fiscal years; and this paragraph shall be incorporated verbatim in all contracts of the DEPARTMENT which are for an amount in excess of TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00) and which have a term for a period of more than one year.

14. DISPUTES

The DEPARTMENT'S District Secretary shall decide all questions, difficulties, and disputes of any nature whatsoever that may arise under or by reason of this Agreement, the prosecution or fulfillment of the service hereunder and the character, quality, amount and value thereof; and his decision upon all claims, questions, and disputes shall be final and conclusive upon the parties hereto.

15. ASSIGNMENT

This Agreement may not be assigned or transferred by the AGENCY, in whole or in part, without the prior written consent of the DEPARTMENT.

16. LAWS GOVERNING

This Agreement shall be governed by and construed in accordance with the laws of the State of Florida. In the event of a conflict between any portion of the contract and Florida law, the laws of Florida shall prevail. The AGENCY agrees to waive forum and venue and that the DEPARTMENT shall determine the forum and venue in which any dispute under this agreement is decided.

17. NOTICES

Any and all notices given or required under this Agreement shall be in writing and either personally delivered with receipt acknowledgement or sent by certified mail, return receipt requested. All notices shall be sent to the following addresses:

If to the DEPARTMENT:
State of Florida Department of Transportation
3400 West Commercial Blvd.
Ft. Lauderdale, FL 33309-3421
Attention: Elisabeth Hassett, R.L.A.
FDOT District IV Landscape Architect

If to the AGENCY:
City of Dania Beach
100 W. Dania Beach Blvd.
Dania Beach, Florida
Attention: City Manager

18. LIST OF EXHIBITS

- Exhibit A: Landscape Improvements Maintenance Boundaries
- Exhibit B: Landscape Improvement Plans
- Exhibit C: Maintenance Plan for Landscape Improvements

SECTION No.:	86030000
Permit No. (s):	2018-L-491-001
COUNTY:	BROWARD
S.R. No.:	A1A

EXHIBIT A

LANDSCAPE IMPROVEMENTS MAINTENANCE BOUNDARIES

I. LIMITS OF MAINTENANCE FOR LANDSCAPE IMPROVEMENTS:

State Road A1A (East Dania Beach Boulevard) from M.P. 7.322 to M.P. 7.385

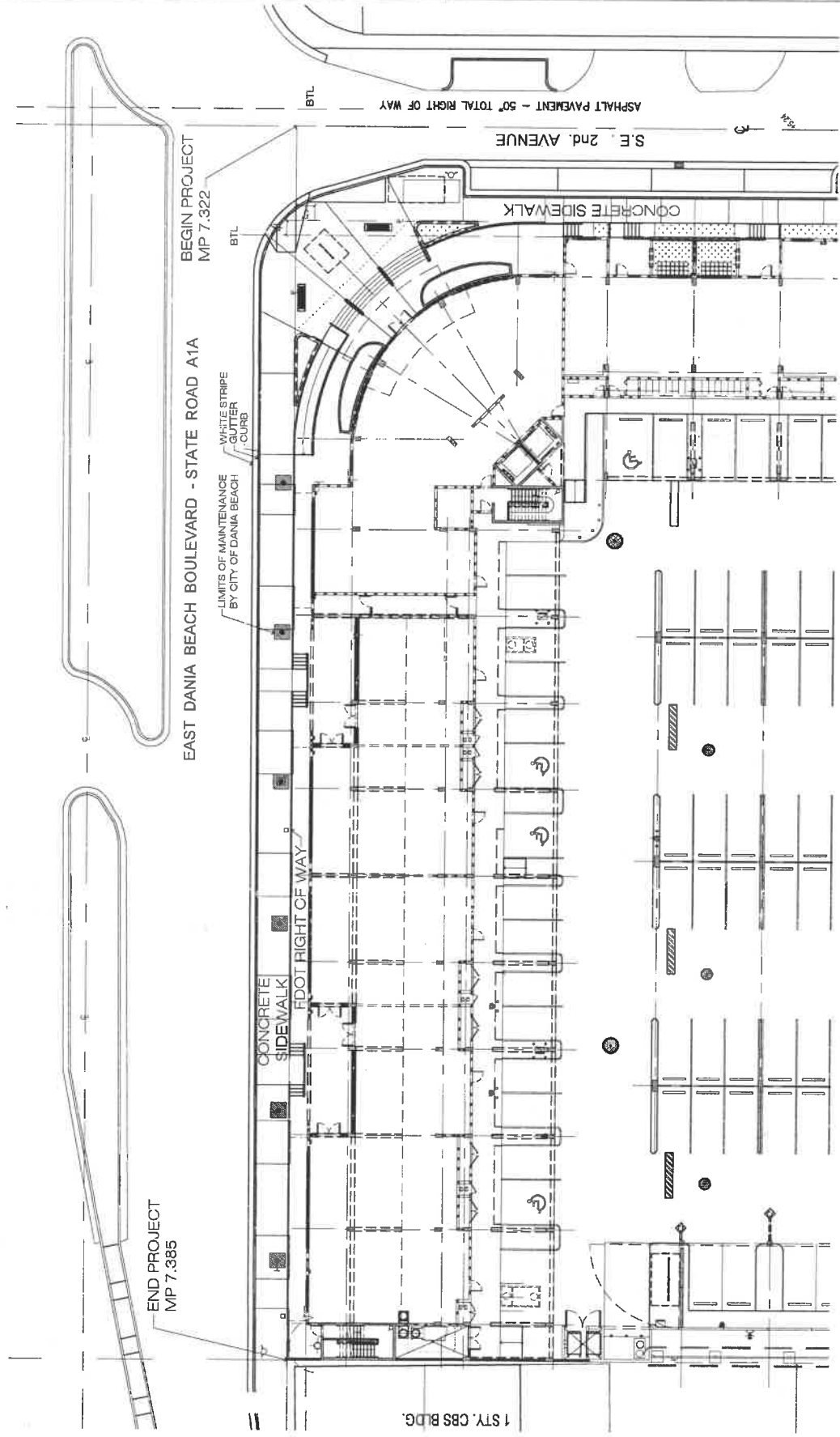
II. LANDSCAPE IMPROVEMENTS MAINTENANCE RESPONSIBILITIES MAP:

Please see attached map

DESIGN TEAM:
COLLABORATE.
DATE: 7-15-2013
PROJECT NUMBER: 1301

"PLACE" at Dania Beach
180 E. Dania Beach Blvd.
DANIA BEACH, FL

SOUTHEAST
ARCHITECTS SERVICES, INC.
4910 WEST BROADWAY, SUITE 3, FARMINGTON, CT 06031
(203) 277-0477
FAX: (203) 277-0477



LIMITS OF MAINTENANCE BY CITY OF DANIA BEACH

SECTION No.:	86030000
Permit No. (s):	2018-L-491-001
COUNTY:	BROWARD
S.R. No.:	A1A

EXHIBIT B

LANDSCAPE IMPROVEMENT PLANS

The AGENCY agrees to install the landscape improvements in accordance with the plans and specifications attached hereto and incorporated herein.

Please see attached plans prepared by: Southeast Architects Services, Inc.
Kimberly Moyer, RLA
Date: October 8, 2018

[illegible]

Scale: 1" = 20'-00"

811

Before you dig, call 811
to get the location of
all underground utilities.

Call 811 before you dig
to get the location of
all underground utilities.

FOOT LANDSCAPE PERMIT NUMBER 2018-L-491-001	SCALE: 1" = 20'-0"
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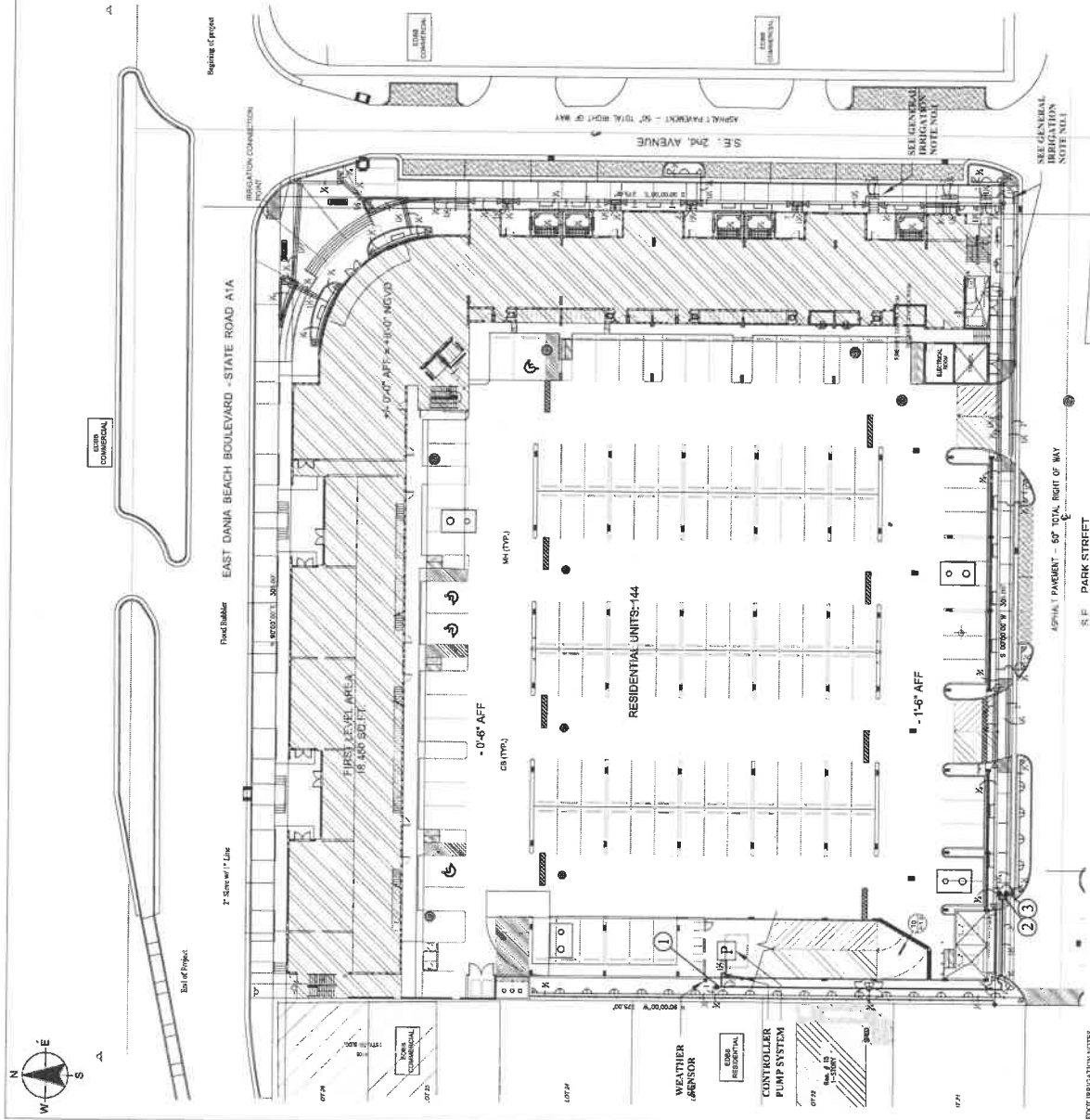


Case No.	Modular Contract Name	2026	Mail vs
10	Vehicle Insurance for personal Montgomery Palm	22' OA 1H	No

Street Palm Planting

LEGEND

	FIRE HYDRANT
	FIRE DEPT. CONNECT.
	STAND PIPE
	DOUBLE DRY VALVE
	WATER METER & BACKFLOW
	PLANTER OR GREEN AREA
	CONTROL JOINT



FLOOD DIGATION NOTES

1. The irrigation system shall use the lowest quality available which adequately will safely raise the water level of the system.

2. Screen water, reclaim water, or gray water irrigation shall be used whenever possible.

3. FLOOD Receptors 24-hour emergency access to water source.

4. Contractor shall provide FLOOD District Operations Manager with access to "Actual" irrigation plans.

1
3.1
PROPOSED IRRIGATION PLAN

THIS SYSTEM HAS BEEN DESIGNED USING WATER SAVING COMPONENTS INCLUDING A WEATHER SENSOR AND HIGH EFFICIENCY SPRINKLER HEADS

Zone No.	Head Type	GPM
1	Spray	11
2	Spray	10
3	Spray	17
Total head count: 106 Sprays		

SPRINKLER HEAD SCHEDULE

[illegible]

GENERAL IRRIGATION NOTES

- [illegible]

SECTION No.:	86030000
Permit No. (s):	2018-L-491-001
COUNTY:	BROWARD
S.R. No.:	A1A

EXHIBIT C

MAINTENANCE PLAN FOR LANDSCAPE IMPROVEMENTS

This Exhibit forms an integral part of the DISTRICT FOUR (4) LANDSCAPE MAINTENANCE MEMORANDUM OF AGREEMENT between the State of Florida, Department of Transportation and the AGENCY.

Please see attached

MAINTENANCE PLAN Landscape Improvements

Project State Road No(s):	A1A (East Dania Beach Boulevard) From M.P. 7.322 to M.P. 7.355
Permit No(s):	2018-L-491-001
Maintaining Agency:	City, Town, County
RLA of Record:	Name
Date:	October 30, 2018

I. GENERAL MAINTENANCE REQUIREMENTS AND RECOMMENDATIONS:

The purpose of a plan for the landscape improvements maintenance practices is to allow the plant material on your project to thrive in a safe and vigorous manner while fulfilling their intended purpose and conserving our natural resources. Plantings and all other landscape improvements shall be maintained to avoid potential roadway hazards and to provide required clear visibility, accessibility, clearance, and setbacks as set forth by Florida Department of Transportation (FDOT) governing standards and specifications: *FDOT Design Standards*, *FDOT Plans Preparation Manual Vol. I, Chapter 2.11* and *FDOT Standard Specifications for Road and Bridge Construction*, as amended by contract documents, and all other requirements set forth by the District 4 Operations Maintenance Engineer. The initial portion of the Maintenance Plan describes general maintenance requirements and recommendations. **The concluding section provides recommendations prepared by the Registered Landscape Architect of Record specific to the attached approved plans.**

WATERING REQUIREMENTS

Watering is a critical concern for not only the maintenance of healthy plant material but also for observing water conservation practices. The amount of water to apply at any one time varies with the weather, drainage conditions and water holding capacity of the soil. For plant materials that have been established, it is imperative that any mandated water restrictions be fully conformed to on FDOT roadways.

Proper watering techniques should provide even and thorough water dispersal to wet the entire root zone, but not saturate the soil or over-spray onto travel lanes.

IRRIGATION SYSTEM

The Agency shall ensure there are no roadway overspray or irrigation activities during daytime hours (most notably "rush hour" traffic periods). It is imperative the irrigation controller is properly set to run early enough that the watering process will be entirely completed before high traffic periods, while adhering to mandated water restrictions. To ensure water conservation, the Agency shall monitor the system for water leaks and the rain sensors to ensure they are functioning properly so that the system shuts down when there is sufficient rainfall.

INTEGRATED PLANT MANAGEMENT

An assessment of each planting area's soil is recommended to periodically determine the nutrient levels needed to sustain healthy, vigorous plant growth.

Palms, shrubs, trees and turf areas shall be fertilized in such a manner and frequency to ensure that the plant material remains healthy and vigorously growing. Please be alert to changes in fertilization types per University of Florida, Institute of Food and Agricultural Services (I.F.A.S.) recommendations. Establishment of an integrated pest management program is encouraged to ensure healthy plants, which are free of disease and pests.

MULCHING

Mulch planting beds in such a manner as to prevent weed growth, retain moisture to the plants, protect against soil erosion and nutrient loss, maintain a more uniform soil temperature, and improve the appearance of the planting beds. Avoid mulch mounded up on the trunks of trees, palms, and the base of shrubs to encourage air movement in this area which aids in lowering disease susceptibility. Cypress mulch is prohibited on state right of way.

PRUNING

All pruning, and the associated safety criteria, shall be performed according to American National Standard Institute (ANSI) A300 standards and shall be supervised by an International Society of Arboriculture (ISA) Certified Arborist. Pruning shall be carried out with the health and natural growth of plant materials in mind, to specific pruning heights maintaining clear visibility for motorists, and provide vertical clearance for pedestrian, bicyclist, and truck traffic where applicable. Visibility windows must be maintained free of view obstructions, and all trees and palms must be maintained to prevent potential roadway and pedestrian hazards, all palms are to be kept fruit free. The specific pruning heights are determined by understanding the designer's intent when selecting and placing the plants. The intended mature maintained height and spread of plants are noted on the plans (See Exhibit B.) and see Part II., Specific Project Site Maintenance Requirements and Recommendations as guidance. The understory plant materials selected for use within the restricted planting areas (Limits of Clear Sight) are to be mature height in compliance with Window Detail. Vertical tree heights must meet *FDOT Maintenance Rating Program* (MRP) standards. See Reference pages.

STAKING AND GUYING

All staking materials, except for replacements, are to be removed by the completion of FDOT establishment or after one year (whichever comes first). Any subsequent staking and guying activities by the Agency must adhere to *FDOT Design Standards* guidelines (See Index 544). The Agency shall closely monitor staking and guying attachment materials so that they are securely fastened to avoid potential roadway hazards.

TURF MOWING:

All grassed areas are to be mowed and trimmed with sufficient frequency to maintain a deep, healthy root system while providing a neat and clean appearance to the urban landscape. All turf efforts, mowing, curb/sidewalk edging and turf condition, must at a minimum, meet *FDOT Maintenance Rating Program* (MRP).

LITTER CONTROL:

The project site shall remain as litter free as practicable. It is recommended to recycle this litter to avoid unnecessary waste by its reuse. Litter removal efforts must meet *FDOT Maintenance Rating Program* (MRP) standards.

WEEDING/HERBICIDE

All planting areas shall be maintained as weed free as practicable by enlisting integrated pest management practices in areas specified on the plans and maintaining proper mulch levels. Extreme care is recommended when using a chemical herbicide to avoid overspray onto plant materials. It is the applicator's responsibility to restore any damage resulting from overspray to the plantings, per the approved plans.

PLANT REPLACEMENT

Plant replacement shall be the same species and specification as the approved plan. Move and replace all plant materials that may conflict with utility relocations and service. Only plants graded Florida #1 or better, per the *Florida Department of Agriculture and Consumer Services, Grades and Standards for Nursery Plants* are permitted on FDOT roadways. Should it become necessary to change the species, a permit is required from FDOT for approval by the FDOT District Landscape Architect.

HARDSCAPE (SPECIALTY SURFACING)

All tree grates and specialty surfacing (if applicable) shall be maintained in such a manner as to prevent any potential tripping hazards and protect damage to the surfacing and tree grates. Final surface tolerance from grade elevations shall, at a minimum, meet the most current FDOT Maintenance Rating Program Handbook Pages 43-47; ADA accessible sidewalk; and FDOT Design Standards for Design, Construction, Maintenance and Utility Operations on The State Highway System. If the specialty surfacing or tree grates become damaged, they shall be replaced with the same type and specification as the approved plan.

HARDSCAPE (CONCRETE PAVERS)

All tree grates and concrete pavers (if applicable) shall be maintained in such a manner as to prevent any potential tripping hazards and protect damage to the pavers and tree grates. Final surface tolerance from grade elevations shall, at a minimum, meet the most current *Interlocking Concrete Pavement Institute (ICPI), Guide Specifications for Pavers on an Aggregate Base, Section 23 14 13 Interlocking Concrete Pavers, Part 3.05*. If the specialty surfacing or tree grates become damaged, they shall be replaced with the same type and specification as the approved plan.

It shall be the responsibility of the AGENCY to maintain all signs located within a non-standard surfacing area. Such maintenance to be provided by the AGENCY shall include repair and replacement of the sign panel, post, and base.

HARDSCAPE (NON-STANDARD) TRAVELWAY SURFACING

It shall be the responsibility of the AGENCY to restore an unacceptable ride condition of the roadway, including asphalt pavement (if applicable), caused or contributed by the installation or failure of non-standard surfacing, and/or the header curb, on the Department of Transportation right of way within the limits of this Agreement. Pavement restoration areas or "patches" will have a minimum length of 10-ft, measured from the edge of the header curb, and a width to cover full lanes for each lane affected by the restoration.

Pavement restoration will be performed in accordance with the most current edition of the *FDOT Standard Specifications for Road and Bridge Construction*, and the *FDOT Design Standards for Design, Construction, Maintenance and Utility Operations on the State Highway System*.

HARDSCAPE (LANDSCAPE ACCENT LIGHTING)

Landscape accent lighting shall be maintained in such a manner as to prolong the life of the lighting fixture and prevent potential safety hazards. If the lighting fixtures and their system become damaged, they shall be replaced with the same type and specification as the approved plan. Landscape lighting shall meet requirements for the sea turtle nesting and hatching.

MAINTENANCE OF TRAFFIC CONTROL

Reference the FDOT website regarding the selection of the proper traffic control requirements to be provided during routine maintenance and / or new installations of this DOT roadway.

VEGETATION MANAGEMENT AT OUTDOOR ADVERTISING (ODA)

To avoid conflicts with permitted outdoor advertising, please reference the State of Florida website regarding the vegetation management of outdoor advertising. This website provides a portal to search the FDOT Outdoor Advertising Inventory Management System Database. The database contains an inventory of outdoor advertising structures, permits and other related information maintained by the Department.

Also, reference the *Florida Highway Beautification Program* website link for *Vegetation Management at ODA signs* Florida Statutes and Florida Administrative Code related to vegetation management at outdoor advertising sign, permit applications for vegetation management and determining mitigation value of roadside vegetation.

II. SPECIFIC PROJECT SITE MAINTENANCE REQUIREMENTS AND RECOMMENDATIONS

The design intent for this project is to provide vertical accents against building façade. The palms shall be maintained per their natural growth habit. Any dead or declining fronds shall be removed immediately. Palms shall be fertilized once a year.

REFERENCES

This reference list is provided as a courtesy. The list may not contain the most current websites. The most current references must be accessed for up to date information.

Accessible Sidewalk (ADA)

<http://www.access-board.gov/guidelines-and-standards/streets-sidewalks>

Americans with Disabilities Act (ADA) (ADAAG)

http://www.ada.gov/2010ADAstandards_index.htm

American National Standard Institute, *ANSI A300, (Part 1) for Tree Care Operations – Trees, Shrub, and Other Woody Plant Maintenance – Standard Practices (Pruning)*, available for purchase

<http://webstore.ansi.org>

Florida Department of Agriculture and Consumer Services, Division of Plant Industry, *Florida Grades and Standards for Nursery Plants 2015*

<http://www.freshfromflorida.com/Divisions-Offices/Plant-Industry/Bureaus-and-Services/Bureau-of-Plant-and-Apiary-Inspection>

Florida Department of Community Affairs (DCA), *Florida Board of Building Codes & Standards, 2017 Florida Building Code, Chapter 11 Florida Accessibility Code for Building Construction Part A*

http://www2.iccsafe.org/states/florida_codes/

Florida Department of Transportation, *Program Management, Maintenance Specifications Workbook Supplemental Specifications, Section 580 Landscape Installation*

<http://www.fdot.gov/programmanagement/Maintenance/2018Jan/default.shtm>

Florida Department of Transportation, *FDOT Standard Plans for Design, Construction, Maintenance and Utility Operations on the State Highway System, Index 580-001 Landscape Installation*

<http://www.fdot.gov/design/standardplans/current/IDX/580-001.pdf>

Florida Department of Transportation, *FDOT Design Manual for Design, Construction, Maintenance and Utility Operations on the State Highway System, Chapter 212.11 Clear Sight Triangles*

<http://www.fdot.gov/roadway/FDM/current/2018FDM212Intersections.pdf>

Florida Department of Transportation, *FDOT Design Manual for Design, Construction, Maintenance and Utility Operations on the State Highway System, Chapter 215.2.3 Clear Zone Criteria and 215.2.4 Lateral Offset*

Table 215.2.1 Clear Zone Width Requirements

Table 215.2.2 Lateral Offset Criteria (for Trees)

<http://www.fdot.gov/roadway/FDM/current/2018FDM215RoadsideSafety.pdf>

Florida Department of Transportation, *FDOT Standard Plans for Design, Construction, Maintenance and Utility Operations on the State Highway System, Index Series 102-600 Traffic Control through Work Zones*

<http://www.fdot.gov/design/standardplans/current/IDx/102-600.pdf>

Department of Transportation, Landscape Architecture Website
www.MyFloridaBeautiful.com

Florida Department of Transportation, *Maintenance Rating Program Handbook*
<http://www.dot.state.fl.us/statemaintenanceoffice/MaintRatingProgram.shtm>

Florida Department of Transportation Outdoor Advertising Database
<http://www2.dot.state.fl.us/rightofway/>

Florida Exotic Pest Plant Council Invasive Plant Lists
<http://www.fleppc.org/list/list.htm>

Florida Irrigation Society
<http://www.fisstate.org>

Florida Power and Light (FPL), *Plant the Right Tree in the Right Place*
http://www.fpl.com/residential/trees/right_tree_right_place.shtml

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Consent Agenda

Continued from:

Requested Action (Identify appropriate Action or Motion)

ADOPT RESOLUTION AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE AND ACCEPT AGREEMENTS FOR SELECTION OF THE CITY'S FULLY INSURED HEALTH, DENTAL, VISION, AND LIFE INSURANCE COVERAGE PROCURED USING GEHRING GROUP AS BROKER OF RECORD FOR THE CITY OF DANIA BEACH WITH THE FLORIDA LEAGUE OF CITIES, CIGNA LIFE INSURANCE COMPANY, AND NATIONAL VISION ADMINISTRATORS INSURANCE COMPANY, FOR INSURANCE COVERAGES BEGINNING OCTOBER 1, 2019 THROUGH SEPTEMBER 30, 2020, FOR ACTIVELY WORKING AND NON-MEDICARE ELIGIBLE RETIRED EMPLOYEES; FURTHER, AUTHORIZING CITY OFFICIALS TO EXECUTE AND ACCEPT AN AGREEMENT WITH MAXON ADMINISTRATORS TO ADMINISTER THE CITY'S SELF-INSURED SHORT TERM DISABILITY COVERAGE BEGINNING OCTOBER 1, 2019 THROUGH SEPTEMBER 30, 2020 FOR ALL ACTIVELY WORKING, ELIGIBLE EMPLOYEES

Purchasing Requests ONLY

Dept:

Acct #:

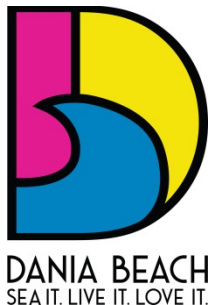
Amt:

Fund:

Fiscal Impact/Cost Summary

Exhibits Attached

Memo - Health Insurance RFP 2019 (Fin Rev 8-19-19), R-2019- Gehring Group FLC Insurance Package, 2019-08-20 - Dania Beach - RFP Recommendation 2019-2020 w Exhibits



CITY OF DANIA BEACH HUMAN RESOURCES DEPARTMENT

MEMORANDUM

DATE: August 16, 2019

TO: Honorable Mayor, Vice Mayor and Commissioners

FROM: Ana M. Garcia, City Manager, ICMA-CM

VIA: Paula Morrell, MHRM – HR / Risk Management Director

Re: Health Insurance RFP

The Request

This memo is to serve as background and recommendation for the City's selection of fully-insured medical, dental, vision, life, and short-term disability insurance for the 2019/2020 plan year.

Background

The City's health insurance benefits broker, the Gehring Group, went out to bid, and presented offers of medical insurance coverage from two insurance companies, FMIT and Cigna, for the 2019-2020 plan year. Due to the nature of the healthcare industry, and the unpredictable costs due to claims history, the bid process lead to an increase in premiums, therefore, the current plan with FMIT saw an increase of 13.9%, with no changes to the plan design, and Cigna's plan option had an increase of 32.35%, with no changes in co-pays or deductibles. The ancillary benefits (dental, vision, life insurance), however, all have a significant decrease in costs, which will ultimately offset some of the medical insurance premiums to employees.

Consequently, the Gehring Group met with Human Resources, Finance, and a Union Representative (Insurance Committee) to provide an overview of plans and increase/decrease in premiums. The determination to remain in the current medical plan FMIT was unanimous by the Insurance Committee. Moreover, we can ensure that staying in the current plan, with the increase of 13.9%, will not erode any October 1, 2019 negotiated pay increases for those at the lowest pay level.

Budgetary Impact

The City costs associated with these agreements result in a \$331,876 increase to medical premiums; and a total decrease of \$41,654.34 to ancillary benefits (dental, vision, life insurance) premiums.

Funding for the proposed insurance is planned and appropriated in the 2019/2020 budget.

Recommendation

It is recommended that the City Commission approve this agreement, as the City Administration concurs with Gehring Group's recommendation of acceptance of insurance coverage with FMIT for medical insurance, Cigna for dental, NVA for vision, Cigna for life insurance, and Maxon for short-term disability.

RESOLUTION NO. 2019-093

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE AND ACCEPT AGREEMENTS FOR SELECTION OF THE CITY'S FULLY INSURED HEALTH, DENTAL, VISION, AND LIFE INSURANCE COVERAGE PROCURED USING GEHRING GROUP AS BROKER OF RECORD FOR THE CITY OF DANIA BEACH WITH THE FLORIDA LEAGUE OF CITIES, CIGNA LIFE INSURANCE COMPANY, AND NATIONAL VISION ADMINISTRATORS INSURANCE COMPANY, FOR INSURANCE COVERAGES BEGINNING OCTOBER 1, 2019 THROUGH SEPTEMBER 30, 2020, FOR ACTIVELY WORKING AND NON-MEDICARE ELIGIBLE RETIRED EMPLOYEES; FURTHER, AUTHORIZING CITY OFFICIALS TO EXECUTE AND ACCEPT AN AGREEMENT WITH MAXON ADMINISTRATORS TO ADMINISTER THE CITY'S SELF-INSURED SHORT TERM DISABILITY COVERAGE BEGINNING OCTOBER 1, 2019 THROUGH SEPTEMBER 30, 2020 FOR ALL ACTIVELY WORKING, ELIGIBLE EMPLOYEES; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Dania Beach obtained the services of the Gehring Group as a Broker of Record to secure coverage for the City's group medical, dental, vision, life, accidental death and dismemberment, supplemental life and short term disability insurance for the 2019-2020 plan year; and

WHEREAS, the City of Dania Beach solicited requests for proposals on June 4, 2019; and

WHEREAS, proposals were received on June 24, 2019; and

WHEREAS, proposals were reviewed by the City's health insurance committee; and

WHEREAS, the City Administration has determined that, based on the City's claims experience, which the Gehring Group reviewed and analyzed, it is recommended that the City Administration select health plans for the 2019-2020 plan year, and

WHEREAS, based on current employee and non-Medicare eligible retiree census data, the City's health plan premium cost will be increased by thirteen and nine-tenths percent (13.9%) resulting in an estimated additional annual cost to the City of Three Hundred Thirty One Thousand Eight Hundred Seventy Five Dollars (\$331,875.00) and Fifty Eight Thousand Five Hundred Sixty Six Dollars (\$58,566.00) to active employees and non-Medicare eligible retirees in annual premiums, with a total decrease in City and employee annual cost to ancillary plan

coverages of Forty Thousand Three Hundred Twenty Dollars and Thirty Six Cents (\$40,320.36); and

WHEREAS, based on the current employee census, the City’s Life and Accidental Death and Dismemberment (“AD&D”) premiums will decrease by an estimated annual amount of Seven Thousand Three Hundred Eighty Two Dollars and Four Cents (\$7,382.04);

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That the above “Whereas” clauses are ratified and confirmed as being true and correct, and they are made a part of and incorporated into this Resolution by this reference.

Section 2. That the proper City officials are authorized to execute appropriate documents to accept the proposal of the Florida League of Cities on behalf of the City of Dania Beach to provide fully insured medical coverage to eligible employees and non-Medicare eligible retirees at the following not to exceed monthly rates:

	Current	Renewal (FY 19/20)
Single	\$785.82	\$895.05
Family	\$2082.64	\$2372.13

Section 3. That the proper City officials are authorized to execute appropriate documents to accept the proposal of Cigna DPPO Insurance Company on behalf of the City of Dania Beach to provide fully insured dental coverage to eligible employees and retirees at the following not to exceed monthly rates per participant coverage:

	Current – Reliance Standard	FY 2019/2020
Single	\$31.75	\$26.30
Family	\$99.74	\$82.62

Section 4. That the proper City officials are authorized to execute appropriate documents to accept the proposal of National Vision Administrators (NVA) Insurance Company on behalf of the City of Dania Beach to provide fully insured vision coverage to eligible employees and retirees at the following not to exceed monthly rates per participant coverage:

	Current – Reliance Standard	FY 2019/2020
Single	\$7.36	\$5.15
Family	\$17.64	\$12.36

Section 5. That funding for the cost of the City’s health claims program administration for medical, dental and vision coverage is planned and shall be charged to the City Health Insurance Sub-Fund, Professional Services Account, Acct. No. 501-1800-519-45-40 (active employees) and 501-1800-519-45-41 (retirees), respectively.

Section 6. That the proper City officials are authorized to execute appropriate documents to accept the proposal of Cigna Life Insurance Company on behalf of the City of Dania Beach to provide basic life insurance and accidental death and dismemberment coverage (“AD&D”) to eligible employees and retirees in an estimated amount of Fourteen Thousand One Hundred Seventy Three Dollars and Sixty Eight Cents (\$14,173.68) based on current census.

Section 7. That funding for the cost of the City’s life insurance program is planned and shall be charged to the City Health Insurance Fund, Life Insurance Account, Account No. 501-1800-519-45-60.

Section 8. That the proper City officials are authorized to execute appropriate documents pertaining to the renewal of an agreement with Maxon Administrators, Inc. to provide third party claims administration for the City’s self-insured short term disability plan to eligible, full time working employees for a not to exceed rate of Four Dollars Twenty Five Cents (\$4.25) per employee per month.

Section 9. That funding for the cost of the City’s disability claims program administration for short term disability is planned and shall be charged to the City Health Insurance Fund, Professional Services Account, Account No. 501-1800-519-45-50.

Section 10. That the City Commission authorizes the City to exceed the annual vendor threshold of Twenty Five Thousand Dollars for each vendor as necessitated for fiscal year 2019-2020.

Section 11. That all resolutions or parts of resolutions in conflict with this Resolution are repealed to the extent of such conflict.

Section 12. That this Resolution shall be in force and take effect on October 1, 2019.

PASSED AND ADOPTED on August 27, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

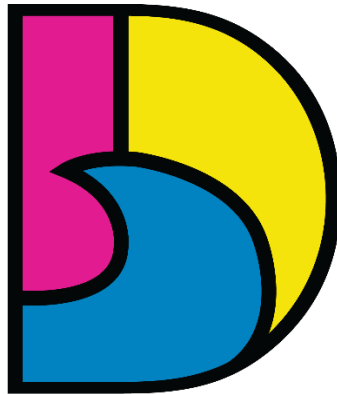
LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

CITY OF DANIA BEACH

Employee Benefits Insurance Evaluation



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

REQUEST FOR PROPOSAL RECOMMENDATION FOR:

**GROUP MEDICAL INSURANCE
GROUP DENTAL INSURANCE
GROUP VISION INSURANCE
GROUP LIFE INSURANCE**

PLAN YEAR EFFECTIVE: OCTOBER 1, 2019

August 27, 2019

Presented By:



EMPLOYEE BENEFITS | RISK MANAGEMENT

4200 Northcorp Pkwy., Ste. 185

Palm Beach Gardens, FL 33410

Tel: (800) 244-3696 Fax: (561) 626-6970

www.gehringgroup.com

Employee Benefits Renewal Evaluation & Recommendation Plan Year Effective: October 1, 2019

EXECUTIVE SUMMARY

Last year, the City renewed its medical insurance coverage with the Florida Municipal Insurance Trust (FMIT) offered through the Florida League of Cities, and enjoyed rate holds on its group ancillary dental, vision and life insurance through Reliance Standard for an additional year.

This year the City decided to market all lines of coverage for a number of reasons. The three most important reasons were:

1. Timing since last market check having exceeded 5 years;
2. All lines of coverage being up for renewal; and
3. Establishing medical eligibility provisions for the City's pensioned retiree class

The City is proposing renewing medical insurance with FMIT, transitioning Group Dental and Life insurance to Cigna, and transitioning Group Vision insurance to National Vision Administrators (NVA).

Background Information

The City of Dania Beach currently offers group medical, dental, vision, life & accidental death insurance to its full time employees, retirees and their dependents (subject to eligibility guidelines). The current medical program is fully insured with the Florida League of Cities and is administered by UnitedHealthcare. The total annual cost of the medical insurance program for the 2018-2019 plan year is approximately \$2,808,910 (based on current enrollment of 151 employees and retirees). The total annual program cost to include the ancillary lines of coverage is currently \$3,041,599.

MEDICAL RENEWAL ANALYSIS

Pursuant to Gehring Group's review of claims experience and large claim losses it was anticipated that the City's renewal would generate an 18.9% increase. This increase was projected based upon an 118% loss ratio and the City having two claimants with claims in excess of \$600,000.

The market was fairly unresponsive to the City's request for medical quotes due to the plan's performance over the last 24 months having exceeded 100% loss ratios resulting from gross claims paid to premium dollars collected, in addition to the large claim activity that was reported as an underwriting requirement. The City received Declined to Quote (DTQ) responses from Aetna, AvMed, Florida Blue, Humana and United Healthcare (UHC). The majority of declinations received stated the carrier's inability to offer competitive rates, with one proposer declining to quote based on the ratio of retirees to active participants having exceeded their underwriting guidelines, and a second declining to quote due to their strategic business relationship with the Florida League of Cities/FMIT.

The City received a formal response from Cigna, as well as the renewal offer from FMIT. Cigna proposed a 32.35% increase and agreed to the City's unique retiree eligibility provisions. Initially FMIT provided a renewal offer of 13.9%, but declined to accommodate the City's unique retiree

eligibility provisions. After discussions with FMIT to confirm that other proposers were willing to allow this set of retiree membership, the City was able gain FMIT's approval to cover this class.

The City met with its employee union representative to review the offers and it was decided that FMIT provided the best option with no disruption to employees, while remaining within the City's budget. The City also ensured that even at the lowest pay grade level, the adjustment to premium share for renewing the current plan design at 13.9% would not erode negotiated pay increases effective October 1, 2019.

MEDICAL RECOMMENDATION

Therefore the Gehring Group recommends that the City maintain its current fully insured medical insurance program with the Florida Municipal Insurance Trust sponsored by the Florida League of Cities (UnitedHealthcare administering the plan) at a 13.9% increase or approximately \$332,000 in additional City funding and \$58,500 in employee funding based upon the City's collective bargaining agreement. This renewal was the best offer received and includes no changes to the City's current program design, and will be partially offset by over \$41,000 in savings gained through ancillary benefits. The schedule of benefits and pricing for both medical options is outlined in the attached Request for Proposal (RFP) Evaluation exhibit.

DENTAL RECOMMENDATION

The City received numerous competitive quotes on the Group Dental Insurance request with Cigna having provided the most competitive offer in terms of both pricing and benefits. The schedule of benefits and pricing for the top 2 proposers is shown in the Request for Proposal (RFP) Evaluation exhibit. The recommendation to transition coverage to Cigna results in a savings of \$30,762 and includes an analysis of member provider access having achieved 95.5% access overall.

VISION RECOMMENDATION

The City received numerous competitive quotes on the Group Vision Insurance request with National Vision Administrators (NVA) having provided the most competitive offer in terms of both pricing and benefits. The schedule of benefits and pricing for the top 2 proposers is shown in the Request for Proposal (RFP) Evaluation exhibit. The recommendation to transition coverage to NVA results in a savings of \$9,558 and includes an analysis of member provider access having achieved 96.8% access overall.

LIFE and AD&D RECOMMENDATION

The City received numerous competitive quotes on the Group Basic Life and AD&D and Group Voluntary Life Insurance. The Standard offered the most competitive quote in terms of pricing with a slight benefit decrement. However, Cigna's quote was the closest in terms of existing benefits and, when combined with the Dental proposal, offered the greatest savings overall to

the City with a combined savings of \$37,947. The schedule of benefits and pricing for the top 2 proposers is shown in the Request for Proposal (RFP) Evaluation exhibit.

Summary

The City of Dania Beach will continue to offer medical, dental, vision and life & accidental death insurance to its full time employees, retirees and their dependents (subject to eligibility guidelines) at a total annual cost of \$3,384,536 based on current enrollment. This premium volume represents an overall increase of \$342,937 or 11.27% over current premium levels. The City will absorb \$290,419 of the overall increase, which includes over \$41,000 in savings to the City in transitioning the ancillary benefits, with employees and retirees sharing in the \$52,518 difference.

This level falls just outside of a standard range of 8-10% increases in employee benefit program costs amongst Public Sector employers in South Florida. However given the state of the medical plan's performance, achieving an overall increase of 11.27% is justifiable. Furthermore, the City's benefit package will remain highly competitive when compared to surrounding cities and Public Sector entities offering rich benefits at equitable costs.

EXHIBITS

-
- Request for Proposal (RFP) Evaluation
 - Executive Summary
-

City of Dania Beach
Medical Insurance RFP Evaluation
Effective Date: October 1, 2019

	Current		Renewal		Alternative #1	
Schedule of Benefits	FMIT - UHC Choice Plus Plan 2		FMIT - UHC Choice Plus Plan 2		Cigna Open Access Plus (OAP) Plan	
	Unlimited		Unlimited		Unlimited	
	<i>In Network</i>	<i>Out of Network</i>	<i>In Network</i>	<i>Out of Network</i>	<i>In Network</i>	<i>Out of Network</i>
Calendar Year Deductible (CYD)						
Single	\$250	\$500	\$250	\$500	\$250	\$500
Family	\$500	\$1,000	\$500	\$1,000	\$500	\$1,000
Coinsurance (Member Responsibility)	10%	30%	10%	30%	10%	30%
Out-of-Pocket Maximum	<i>Includes All Costs</i>		<i>Includes All Costs</i>		<i>Includes All Costs</i>	
Single	\$2,500	\$5,000	\$2,500	\$5,000	\$2,500	\$5,000
Family	\$5,000	\$10,000	\$5,000	\$10,000	\$5,000	\$10,000
Non-Hospital Services						
Primary Care Physician Office Visit	\$15	30% after CYD	\$15	30% after CYD	\$15	30% after CYD
Specialist Office Visit	\$30	30% after CYD	\$30	30% after CYD	\$30	30% after CYD
Preventive Services	No Charge	Not Covered	No Charge	Not Covered	No Charge	Not Covered
Laboratory Services	No Charge	30% after CYD	No Charge	30% after CYD	No Charge	30% after CYD
Advanced Imaging - CT, PET, MRI	\$100	30% after CYD	\$100	30% after CYD	\$100	30% after CYD
Urgent Care Center	\$50	30% after CYD	\$50	30% after CYD	\$50	30% after CYD
Hospital Services						
Inpatient	10% after CYD	30% after CYD	10% after CYD	30% after CYD	10% after CYD	30% after CYD
Outpatient Surgery	\$100	30% after CYD	\$100	30% after CYD	\$100	30% after CYD
Physician Services	10% after CYD	30% after CYD	10% after CYD	30% after CYD	10% after CYD	30% after CYD
Emergency Room	\$125		\$125		\$125	
Ambulance	10% after CYD	10% after In-Net CYD	10% after CYD	10% after In-Net CYD	10% after CYD	10% after In-Net CYD
Mental Health/Substance Abuse Services						
Inpatient	10% after CYD	30% after CYD	10% after CYD	30% after CYD	10% after CYD	30% after CYD
Outpatient	\$15	30% after CYD	\$15	30% after CYD	\$15	30% after CYD
Prescription Drug Benefit						
Generic Drugs	\$10	Tier 1-3 Copay + any amount over the allowed amount	\$10	Tier 1-3 Copay + any amount over the allowed amount	\$10	Tier 1-3 Copay + any amount over the allowed amount
Formulary Drugs	\$35		\$35		\$35	
Non-Formulary Drugs	\$60		\$60		\$60	
Specialty Drugs / Injectables	N/A		N/A		N/A	
Mail Order - 90 day supply	2.5x Retail Copay	Not Covered	2.5x Retail Copay	Not Covered	2.5x Retail Copay	Not Covered
Monthly Rates - Active/Pre-65 Retiree						
Employee Only 62	\$785.82		\$895.05		\$1,040.11	
Employee + Family 89	\$2,082.64		\$2,372.13		\$2,756.30	
Monthly Premium 151	\$234,076		\$266,613		\$309,798	
Annual Premium	\$2,808,910		\$3,199,352		\$3,717,570	
\$ Increase	N/A		\$390,442		\$908,661	
% Increase	N/A		13.90%		32.35%	

City of Dania Beach
PPO Dental Insurance RFP Evaluation - BAFO
Effective Date: October 1, 2019

	Current		Renewal		Alternative #1		Alternative #2	
Schedule of Benefits	Reliance Standard Plan 1		Reliance Standard Plan 1		Cigna Total DPPO		MetLife	
Plan Basics	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network
Annual Benefit Maximum	\$2,000		\$2,000		\$2,000		\$2,000	
Orthodontic Lifetime Max	\$1,000		\$1,000		\$1,000		\$1,500	
Deductibles								
Single	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Family	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Deductible Waived for Preventive Services?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Benefits								
Class 1 -Preventive / Diagnostic	100%	100%	100%	100%	100%	100%	100%	100%
Class 2 -Basic Services	80%	80%	80%	80%	80%	80%	80%	80%
Class 3 -Major Services	50%	50%	50%	50%	50%	50%	50%	50%
Class 4 -Orthodontia (Up to age 19)	50%	50%	50%	50%	50%	50%	50%	50%
Waiting Period								
Class 3 -Major Services	None		None		None		None	
Class 4 -Orthodontia (Up to age 19)	None		None		None		None	
Coverage Clarification								
Endodontic and Periodontic are covered as:	Class 2 Services		Class 2 Services		Class 2 Services		Class 2 Services	
Out of Network Benefits Payable Level	80% of UCR		80% of UCR		80% of UCR		90% of UCR	
Participation Requirement	N/A		N/A		65%		At least 10 lives	
Rate Guarantee	Expires 9/30/2019		24 Months		24 Months		24 Months	
Monthly Rates								
Employee 62	\$31.75		\$31.12		\$26.30		\$26.99	
Employee + Family 130	\$99.74		\$97.76		\$82.62		\$84.78	
Monthly Premium	\$14,935		\$14,638		\$12,371		\$12,695	
Annual Premium	\$179,216		\$175,659		\$148,454		\$152,337	
\$ Change	N/A		-\$3,557.52		-\$30,762.00		-\$26,879.04	
% Change	N/A		-2.0%		-17.2%		-15.0%	

City of Dania Beach
Vision Insurance RFP Evaluation
Effective Date: October 1, 2019

	Current		Renewal		Alternative #1		Alternative #2	
Schedule of Benefits	Reliance Standard TrueView Plan H		Reliance Standard TrueView Plan H		NVA		MetLife Vision PPO	
	<i>In Network</i>	<i>Out of Network</i>	<i>In Network</i>	<i>Out of Network</i>	<i>In Network</i>	<i>Out of Network</i>	<i>In Network</i>	<i>Out of Network</i>
Frequency (Exam/Lenses/Frames)	12 / 12 / 12 months	12 / 12 / 24 months	12 / 12 / 12 months		12 / 12 / 12 months		12 / 12 / 12 months	
Services	<i>Allowance</i>	<i>Reimbursement</i>	<i>Allowance</i>	<i>Reimbursement</i>	<i>Allowance</i>	<i>Reimbursement</i>	<i>Allowance</i>	<i>Reimbursement</i>
Eye Exam	\$15 copay	Up to \$35	\$10 copay	Up to \$35	\$15 copay	Up to \$35	\$15 copay	Up to \$45
Materials	\$15 copay	N/A	\$10 copay	\$15 copay	\$15 copay	N/A	\$15 copay	N/A
Glasses	<i>Allowance</i>	<i>Reimbursement</i>	<i>Allowance</i>	<i>Reimbursement</i>	<i>Allowance</i>	<i>Reimbursement</i>	<i>Allowance</i>	<i>Reimbursement</i>
Single Lenses	\$15 copay	Up to \$25	\$10 copay	Up to \$25	\$15 copay	Up to \$25	\$15 copay	Up to \$30
Bifocal Lenses	\$15 copay	Up to \$40	\$10 copay	Up to \$40	\$15 copay	Up to \$40	\$15 copay	Up to \$50
Trifocal Lenses	\$15 copay	Up to \$55	\$10 copay	Up to \$55	\$15 copay	Up to \$55	\$15 copay	Up to \$65
Frames	Up to \$100	Up to \$45	Up to \$130	Up to \$45	Up to \$100	Up to \$45	Up to \$100	Up to \$55
Contact Lenses	<i>Allowance</i>	<i>Reimbursement</i>	<i>Allowance</i>	<i>Reimbursement</i>	<i>Allowance</i>	<i>Reimbursement</i>	<i>Allowance</i>	<i>Reimbursement</i>
Contact Lenses (Elective)	Up to \$115	Up to \$92	Up to \$130	Up to \$100	Up to \$115	Up to \$92	\$100	Up to \$80
Medically Necessary	Paid in Full	Up to \$200	Paid in Full	Up to \$200	Paid in Full	Up to \$200	\$15 copay	Up to \$210
Rate Guarantee	Expires 9/30/2019		24 Months		48 Months		24 Months	
Monthly Rates								
Employee 57	\$7.36		\$7.36		\$5.15		\$5.52	
Employee + Family 127	\$17.64		\$17.64		\$12.36		\$13.23	
Monthly Premium	\$2,660		\$2,660		\$1,863		\$1,995	
Annual Premium	\$31,918		\$31,918		\$22,359		\$23,938	
\$ Change	N/A		\$0.00		-\$9,558.36		-\$7,979.40	
% Change	N/A		0.0%		-29.9%		-25.0%	

Basic Life and AD&D Insurance RFP Evaluation - BAFO

Effective Date: October 1, 2019

	Current	Renewal	Alternative #1	Alternative #2
Basic Life / AD&D	Reliance Standard	Reliance Standard	The Standard	Cigna
Class Description				
Class 1 – F/T Department Head	\$100,000	\$100,000	\$100,000	\$100,000
Class 2 – Elected Officials and	\$5,000	\$5,000	\$5,000	\$5,000
Class 3 – F/T EE < 1 year of service	1 X Salary to a maximum of \$50,000 in increments of \$1,000	1 X Salary to a maximum of \$50,000 in increments of \$1,000	1 X Salary to a maximum of \$50,000 in increments of \$1,000	1 X Salary to a maximum of \$50,000 in increments of \$1,000
Class 4 – F/T EE >= 1 year of service	2 X Salary to a maximum of \$50,000 in increments of \$1,000	2 X Salary to a maximum of \$50,000 in increments of \$1,000	2 X Salary to a maximum of \$50,000 in increments of \$1,000	2 X Salary to a maximum of \$50,000 in increments of \$1,000
Class 5 – Retiree	\$5,000	\$5,000	\$5,000	\$5,000
Features				
Waiver of Premium	Included	Included	Included	Included
Conversion Privileges	Included	Included	Included	Included
Accelerated Benefit	75% to max of \$500,000	75% to max of \$500,000	Class 1-4: 75% to max of \$500,000; Class 5: N/A	75% to max of \$500,000
Age Reduction Schedule (Reduced to):	50% at age 70	50% at age 70	50% at age 70	50% at age 70
Rate Guarantee	Expires 9/30/2019	24 Months	36 Months	36 Months
Monthly Rates				
Basic Life Rate / \$1,000	\$0.250	\$0.250	\$0.140	\$0.160
AD&D Rate / \$1,000	\$0.020	\$0.020	\$0.020	\$0.020
Total Life and AD&D Rate	\$0.270	\$0.270	\$0.160	\$0.180
Estimated Life Volume	\$6,653,000	\$6,653,000	\$6,653,000	\$6,653,000
Estimated AD&D Volume	\$6,653,000	\$6,653,000	\$6,653,000	\$5,833,000
Total Monthly Premium	\$1,796.31	\$1,796.31	\$1,064.48	\$1,181.14
Total Annual Premium	\$21,555.72	\$21,555.72	\$12,773.76	\$14,173.68
\$ Change	N/A	\$0.00	-\$8,781.96	-\$7,382.04
% Change	N/A	0.00%	-40.74%	-34.25%

Voluntary Life Insurance RFP Evaluation

Effective Date: October 1, 2019

	Current	Renewal	Alternative #1
Benefit	Reliance Standard	Reliance Standard	The Standard
Active Employees	\$10,000 to \$200,000 in \$10,000 increments (combined Basic & Vol Life over \$150,000 cannot exceed 7x salary)	\$10,000 to \$200,000 in \$10,000 increments (combined Basic & Vol Life over \$150,000 cannot exceed 7x salary)	\$10,000 to \$200,000 in \$10,000 increments
Spouse	\$5,000 up \$50,000 in \$5,000 increments (cannot exceed 100% of EE amount)	\$5,000 up \$50,000 in \$5,000 increments (cannot exceed 100% of EE amount)	\$5,000 up \$50,000 in \$5,000 increments (cannot exceed 100% of EE amount)
Child	14 days - 6 months: \$500 6 months - 26: \$5,000	14 days - 6 months: \$500 6 months - 26: \$5,000	\$5,000 (to age 25)
Guaranteed Issue			
Employee	\$150,000	\$150,000	\$150,000
Spouse	\$30,000	\$30,000	\$30,000
Other Policy Provisions			
Age Reduction (Reduced to):	50% at age 70	50% at age 70	50% at age 70
Conversion	Included	Included	Included
Waiver of Premium	Included	Included	Included
Participation Requirement	N/A	Current Participation	20%
Rate Guarantee	Expires 10/1/2019	24 Months	36 Months
EE / SP Rates (per \$1,000)			
<29	\$0.09	\$0.09	\$0.09 / \$0.067
30 - 34	\$0.10	\$0.10	\$0.10 / \$0.068
35 - 39	\$0.14	\$0.14	\$0.14 / 0.077
40 - 44	\$0.21	\$0.21	\$0.21 / \$0.117
45 - 49	\$0.38	\$0.38	\$0.38 / \$0.182
50 - 54	\$0.58	\$0.58	\$0.58 / \$0.278
55 - 59	\$0.94	\$0.94	\$0.94 / \$0.516
60 - 64	\$1.07	\$1.07	\$1.07 / \$1.026
65 - 69	\$1.51	\$1.51	\$1.51 / \$1.905
70+	\$3.52	\$3.52	\$3.52 / \$6.192
Child	\$0.10	\$0.10	\$0.05

Voluntary Life Insurance RFP Evaluation

Effective Date: October 1, 2019

	Current	Alternative #3
Benefit	Reliance Standard	Cigna
Active Employees	\$10,000 to \$200,000 in \$10,000 increments (combined Basic & Vol Life over \$150,000 cannot exceed 7x salary)	\$10,000 to \$200,000 in \$10,000 increments (combined Basic & Vol Life over \$150,000 cannot exceed 7x salary)
Spouse	\$5,000 up \$50,000 in \$5,000 increments (cannot exceed 100% of EE amount)	\$5,000 up \$50,000 in \$5,000 increments (cannot exceed 100% of EE amount)
Child	14 days - 6 months: \$500 6 months - 26: \$5,000	14 days - 6 months: \$500 6 months - 26: \$5,000
Guaranteed Issue		
Employee	\$150,000	\$150,000 or 7x salary, whichever is less
Spouse	\$30,000	\$30,000
Other Policy Provisions		
Age Reduction (Reduced to):	50% at age 70	50% at age 70
Conversion	Included	Included
Waiver of Premium	Included	Included
Participation Requirement	N/A	20%
Rate Guarantee	Expires 10/1/2019	36 Months
EE / SP Rates (per \$1,000)		
<29	\$0.09	\$0.09
30 - 34	\$0.10	\$0.10
35 - 39	\$0.14	\$0.14
40 - 44	\$0.21	\$0.21
45 - 49	\$0.38	\$0.38
50 - 54	\$0.58	\$0.58
55 - 59	\$0.94	\$0.94
60 - 64	\$1.07	\$1.07
65 - 69	\$1.51	\$1.51
70+	\$3.52	\$3.52
Child	\$0.10	\$0.17

City of Dania Beach

Employee Benefits EE/ER Cost Comparison

Effective Date: October 1, 2019

2018-2019				2019-2020			
MEDICAL	Florida League of Cities			Florida League of Cities			
		<i>Total</i>	<i>Employer</i>	<i>Employee</i>	<i>Total</i>	<i>Employer</i>	<i>Employee</i>
Employee Only	62	\$785.82	\$667.95	\$117.87	\$895.05	\$760.79	\$134.26
Employee + Family	89	\$2,082.64	\$1,770.24	\$312.40	\$2,372.13	\$2,016.31	\$355.82
MONTHLY PREMIUM	151	\$234,075.80	\$198,964.43	\$35,111.37	\$266,612.67	\$226,620.77	\$39,991.90
ANNUAL PREMIUM		\$2,808,909.60	\$2,387,573.16	\$421,336.44	\$3,199,352.04	\$2,719,449.23	\$479,902.81
\$ INCREASE		N/A	N/A	N/A	\$390,442.44	\$331,876.07	\$58,566.37
% INCREASE		N/A	N/A	N/A	13.9%	13.9%	13.9%
DENTAL	Reliance Standard			Cigna			
		<i>Total</i>	<i>Employer</i>	<i>Employee</i>	<i>Total</i>	<i>Employer</i>	<i>Employee</i>
Employee Only	62	\$31.75	\$26.99	\$4.76	\$26.30	\$22.36	\$3.95
Employee + Family	130	\$99.74	\$84.78	\$14.96	\$82.62	\$70.23	\$12.39
MONTHLY PREMIUM	192	\$14,934.70	\$12,694.50	\$2,240.21	\$12,371.20	\$10,515.52	\$1,855.68
ANNUAL PREMIUM		\$179,216.40	\$152,333.94	\$26,882.46	\$148,454.40	\$126,186.24	\$22,268.16
\$ INCREASE		N/A	N/A	N/A	-\$30,762.00	-\$26,147.70	-\$4,614.30
% INCREASE		N/A	N/A	N/A	-17.2%	-17.2%	-17.2%
VISION	Reliance Standard			NVA			
		<i>Total</i>	<i>Employer</i>	<i>Employee</i>	<i>Total</i>	<i>Employer</i>	<i>Employee</i>
Employee Only	57	\$7.36	\$6.26	\$1.10	\$5.15	\$4.38	\$0.77
Employee + Family	127	\$17.64	\$14.99	\$2.65	\$12.36	\$10.51	\$1.85
MONTHLY PREMIUM	184	\$2,659.80	\$2,260.83	\$398.97	\$1,863.27	\$1,583.78	\$279.49
ANNUAL PREMIUM		\$31,917.60	\$27,129.96	\$4,787.64	\$22,359.24	\$19,005.35	\$3,353.89
\$ INCREASE		N/A	N/A	N/A	-\$9,558.36	-\$8,124.61	-\$1,433.75
% INCREASE		N/A	N/A	N/A	-29.9%	-29.9%	-29.9%
BASIC LIFE	Reliance Standard			Cigna			
		<i>Total</i>	<i>Employer</i>	<i>Employee</i>	<i>Total</i>	<i>Employer</i>	<i>Employee</i>
Basic Life Rate/\$1,000		\$0.250	\$0.250	\$0.000	\$0.160	\$0.160	\$0.000
Basic AD&D Rate/\$1,000		\$0.020	\$0.020	\$0.000	\$0.020	\$0.020	\$0.000
Total Rate/\$1,000		\$0.270	\$0.270	\$0.000	\$0.180	\$0.180	\$0.000
Life and AD&D Volume		\$6,653,000	\$6,653,000	\$6,653,000	\$6,653,000	\$6,653,000	\$6,653,000
MONTHLY PREMIUM		\$1,796.31	\$1,796.31	\$0.00	\$1,197.54	\$1,197.54	\$0.00
ANNUAL PREMIUM		\$21,555.72	\$21,555.72	\$0.00	\$14,370.48	\$14,370.48	\$0.00
\$ INCREASE		N/A	N/A	N/A	-\$7,185.24	-\$7,185.24	\$0.00
% INCREASE		N/A	N/A	N/A	-33.3%	-33.3%	0.0%
TOTAL PROGRAM SUMMARY	Current			Renewal			
		<i>Total</i>	<i>Employer</i>	<i>Employee</i>	<i>Total</i>	<i>Employer</i>	<i>Employee</i>
TOTAL MONTHLY PREMIUM		\$253,466.61	\$215,716.07	\$37,750.55	\$282,044.68	\$239,917.61	\$42,127.07
TOTAL ANNUAL PREMIUM		\$3,041,599.32	\$2,588,592.78	\$453,006.54	\$3,384,536.16	\$2,879,011.31	\$505,524.85
\$ INCREASE		N/A	N/A	N/A	\$342,936.84	\$290,418.53	\$52,518.31
% INCREASE		N/A	N/A	N/A	11.27%	11.22%	11.59%

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Consent Agenda

Continued from:

Requested Action (Identify appropriate Action or Motion)

ADOPT ORDINANCE AMENDING CHAPTER 17, ENTITLED “OFFENSES - MISCELLANEOUS”, ARTICLE XIII, ENTITLED “PROHIBITION OF DISTRIBUTION OF PLASTIC STRAWS”, SECTION 17-134, ENTITLED “PROHIBITION OF DISTRIBUTION OF PLASTIC STRAWS”, OF THE CITY CODE OF ORDINANCES, PERTAINING TO A CITY-WIDE PLASTIC STRAW BAN **(FIRST READING)**

Purchasing Requests ONLY

Dept:	Acct #:	Amt:
Fund:		

Fiscal Impact/Cost Summary

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Exhibits Attached

Memo - Plastic Straw Ordinance Amendment, O-2019- Amending Section 17-134 Plastic Straw Prohibition making Prohibition City-wide



CITY OF DANIA BEACH CITY ATTORNEY'S OFFICE

MEMORANDUM

DATE: August 27, 2019
TO: Honorable Mayor and Commissioners
FROM: Thomas J. Ansbro, City Attorney *T. J. Ansbro*
SUBJECT: Adoption of Ordinance – City-wide Plastic Straw Ban

The Request

The City Commission is requested to adopt an ordinance which will expand the current plastic straw ban that applies to restaurants and establishments that sell alcoholic beverages which are located adjacent to any waterway, to now include all restaurants and establishments that sell beverages within the City.

Background

At the July 30, 2019 City Commission Meeting, there was a consensus by the City Commission to amend the existing Ordinance (Code Section 17-134), which prohibits the distribution of single-use plastic straws by restaurants and establishments that serve alcohol that are located adjacent to any waterway, to expand the prohibition to all restaurants and establishments that sell beverages for on or off premises consumption.

The enforcement of the expanded provision of the Ordinance will take effect January 1, 2020; the existing Ordinance will remain in effect until that date.

Budgetary Impact

Not applicable.

Recommendation

It is recommended that the City Commission adopt the Ordinance on First Reading.

TJA/la

cc: Ana M. Garcia, ICMA-CM, City Manager
Marc LaFerrier, Director, Community Development Department

ORDINANCE NO. 2019-011

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AMENDING CHAPTER 17, ENTITLED "OFFENSES - MISCELLANEOUS", ARTICLE XIII, ENTITLED "PROHIBITION OF DISTRIBUTION OF PLASTIC STRAWS", SECTION 17-134, ENTITLED "PROHIBITION OF DISTRIBUTION OF PLASTIC STRAWS", OF THE CITY CODE OF ORDINANCES, PERTAINING TO A CITY-WIDE PLASTIC STRAW BAN; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Dania Beach, Florida is committed to environmental conscientiousness and leadership; and

WHEREAS, on September 11, 2018, the City Commission adopted Ordinance No. 2018-017 creating Article XIII, "Prohibition of Distribution of Plastic Straws" within the City's Code of Ordinances ("Code"); and

WHEREAS, the City Commission finds that Article XIII of the City Code should be amended to regulate the distribution of single-use plastic straws throughout the City; and

WHEREAS, the City finds that it is in the public interest, safety, and welfare to reduce litter and pollutants within the City; and

WHEREAS, the City Commission finds that this Ordinance is necessary to contribute to the preservation and improvement of the environment, public health, safety and welfare of the City's residents and visitors;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That Article XIII, entitled "Offenses - Miscellaneous" of Chapter 17, entitled "Prohibition of Plastic Straws", Section 17-134, "Prohibition of Distribution of Plastic Straws", of the City Code of Ordinances, is amended to read as follows:

Sec. 17-134. – Prohibition of distribution of plastic straws.

• • •

(b) Plastic Straws Prohibited: Exceptions.

- (1) No plastic straw shall be distributed in or from any restaurants and establishments that sell alcoholic beverages which are located adjacent to any navigable waterway located within the city, including the Atlantic Ocean, or

at any city facility or city property or by any city special event permittee.
However effective January 1, 2020, no plastic straw shall be distributed in or from any restaurant or establishment that sells beverages (for on or off premises consumption) within the City of Dania Beach, or at any City facility or City property or by any City special event permittee.

• • •

(c) Enforcement Penalties.

• • •

(2) Beginning January 1, ~~2019~~ 2020 the City's Code Compliance Division shall enforce all provisions of this Section as amended: until that time, the existing prohibition will be enforced.

Section 2. That if any section, clause, sentence or phrase of this Ordinance is for any reason held invalid or unconstitutional by a court of competent jurisdiction, the holding shall not affect the validity of the remaining portions of this Ordinance.

Section 3. That all ordinances or parts of ordinances and all resolutions or parts of resolutions in conflict with this Ordinance, are repealed to the extent of such conflict.

Section 4. That this Ordinance shall take full effect immediately upon its passage and adoption.

PASSED on first reading on August 27, 2019.

PASSED AND ADOPTED on second reading on _____, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Consent Agenda

Continued from:

Requested Action (Identify appropriate Action or Motion)

TO APPROVE AND ADOPT AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AMENDING CHAPTER 27 OF THE CITY CODE OF ORDINANCES BY ADDING ARTICLE V TO CHAPTER 27, SUCH ARTICLE TO BE ENTITLED "STORMWATER REGULATIONS" RELATING TO THE NATIONAL POLLUTION DISCHARGE ELIMINATION SYSTEM STORMWATER PROGRAM ("NPDES"); PROVIDING FOR STORMWATER MANAGEMENT PLAN REQUIREMENTS, ILLICIT DISCHARGE DETECTION AND ELIMINATION PROVISIONS, PROHIBITION OF ILLEGAL DISCHARGES, MATERIAL MANAGEMENT, AND POST CONSTRUCTION INSPECTION AND ENFORCEMENT; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; FURTHER, PROVIDING FOR AN EFFECTIVE DATE. **(FIRST READING)**

Purchasing Requests ONLY

Dept:

Acct #:

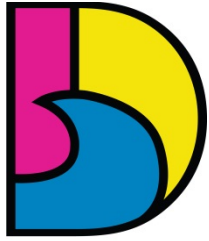
Amt:

Fund:

Fiscal Impact/Cost Summary

Exhibits Attached

PS Agenda Memo - Florida Friendly Ordinance_19-08-27 (TA clean), O-2019- Adding Art. V Stormwater Regulations to Ch. 27 Relating to NPDES Stormwater Program



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

CITY OF DANIA BEACH PUBLIC SERVICES DEPARTMENT

MEMORANDUM

DATE: August 27, 2019

TO: Honorable Mayor and Commissioners

VIA: Ana M. Garcia, ICMA- CM, City Manager

FROM: Fernando Rodriguez, Public Services Director

RE: Proposed Amendments to Chapter 27 "Water and Sewers" of the City Code of Ordinances to add Article V "Stormwater Regulations"

Request

The City Commission is requested to pass the subject Ordinance on first reading.

Background

The National Pollution Discharge Elimination System (NPDES) Stormwater Program, which is administered by the federal Environmental Protection Agency (EPA), obligates States to pass and enforce regulations to control and prevent the introduction of pollutants and contaminants into local surface water bodies. The State of Florida has delegated this obligation to local municipalities. Accordingly, the City of Dania Beach is required to update its ordinances to include Florida-Friendly Landscaping, Florida-Friendly Fertilizer, and Florida-Friendly Pesticide regulations.

Staff has reviewed the City's existing ordinances and has worked with the City Attorney's office to develop the proposed code amendments, attached, to address these state and federal requirements.

Budgetary Impact

The proposed Code change carries no budgetary impact.

Recommendation

A copy of the ordinance is attached and recommended for adoption.

ORDINANCE NO. 2019-012

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AMENDING CHAPTER 27 OF THE CITY CODE OF ORDINANCES BY ADDING ARTICLE V TO CHAPTER 27, SUCH ARTICLE TO BE ENTITLED “STORMWATER REGULATIONS” RELATING TO THE NATIONAL POLLUTION DISCHARGE ELIMINATION SYSTEM STORMWATER PROGRAM (“NPDES”); PROVIDING FOR STORMWATER MANAGEMENT PLAN REQUIREMENTS, ILLICIT DISCHARGE DETECTION AND ELIMINATION PROVISIONS, PROHIBITION OF ILLEGAL DISCHARGES, MATERIAL MANAGEMENT, AND POST CONSTRUCTION INSPECTION AND ENFORCEMENT; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Article 402(p)(6) of the Clean Water Act, as implemented under the federally approved NPDES Stormwater Program required the federal Environmental Protection Agency (“EPA”) and states to (a) establish priorities, (b) establish requirements for State stormwater management programs, and (c) establish expeditious deadlines; and

WHEREAS, the Florida Legislature has enacted legislation creating Local Government Community Development Districts pursuant to Chapter 190, Florida Statutes, which Chapter mandates adoption of local ordinances under the Florida Department of Environmental Protection’s NPDES Stormwater Program; and

WHEREAS, the City of Dania Beach, Florida, is required by the federal and state governments to permit and maintain a Municipal Separate Storm Sewer System; and

WHEREAS, the City Commission of the City of Dania Beach, Florida, has determined that this ordinance is consistent with the adopted comprehensive plan of the City and is in the best interests of the City and its citizens; and

WHEREAS, a public hearing has been conducted after due public notice by the City’s Planning and Zoning Board, acting as the Local Planning Agency and its recommendations were reported to the City Commission; and

WHEREAS, two public hearings have been conducted by the City Commission after due public notice for the following Ordinance; and

WHEREAS, this Ordinance is adopted in conformance with Article 403.0885, Florida Statutes, Chapter 62-624, of the Florida Administrative Code, and paragraph 62.621.300 (7)(a) Florida Administrative Code;

NOW THEREFORE BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. The above “Whereas” clauses are deemed to be true and correct and they are incorporated by reference into this Ordinance.

Section 2. The authority for the enactment of this Ordinance derives from Title 40, Article 122.26 of the Code of Federal Regulations, mandating that municipalities provide legal authority to control discharges to the Municipal Separate Storm Sewer System (“MS4”) under the NPDES, Article 403.0885, Florida Statutes, Chapter 62-624 of the Florida Administrative Code, and paragraph 62.621.300 (7)(a) of the Florida Administrative Code.

Section 3. Chapter 27 of the Code of Ordinances of the City of Dania, Beach, Florida, is amended to add to it and create Article V to read as follows:

ARTICLE V. STORMWATER REGULATIONS

(A) Definitions. For purposes of this Article, “Article V – Stormwater Regulations” the following definitions shall apply:

- (1) Best Management Practices (BMP): refers to schedules of activities, prohibitions of practices, general good housekeeping practices, pollution prevention and educational practices, maintenance procedures, and other management practices to prevent or reduce the discharge of pollutants directly or indirectly into stormwater, receiving waters, or stormwater conveyance systems. BMP’s also include treatment practices, operating procedures, and practices to control site runoff, spillage or leaks, sludge or water disposal, or drainage from storage of raw materials.
- (2) Contaminated: containing a harmful quantity of any substance.
- (3) Contamination: the presence of or entry into a public water supply system, the MS4, waters of the State of Florida, or waters of the United States of any substance which may be deleterious to the public health, the quality of the water or both.

- (4) Discharge: any addition to or introduction of any pollutant, storm water, or any other substance whatsoever into the municipal separate storm sewer system (MS4), or into waters of the State of Florida, or into waters of the United States.
- (5) Environmentally Sensitive Area (“ESA”): a distinct space or ground surface readily affected by or responsive to external elements or actions.
- (6) Harmful quantity: the amount of any substance that will cause pollution to waters in the State, Waters of the United States, or that will cause lethal or sub-lethal adverse effects on representative, sensitive aquatic monitoring organisms belonging to the City, upon their exposure to samples of any discharge into waters of the State, waters of the United States, the MS4 or all of the foregoing.
- (7) Hazardous material: any material, including any substance, waste, or combination of them, which because of its quantity, concentration, or physical, chemical, or infectious characteristics may cause, or significantly contribute to, a substantial present or potential hazard to human health, safety, property, or the environment when improperly treated, stored, transported, disposed of, or otherwise managed.
- (8) Illegal Connection: either of the following: any drain or conveyance, whether on the surface or subsurface of land or property, which allows an illegal discharge to enter the storm drain system including but not limited to any conveyances which allow any non-storm water discharge including sewage, process wastewater, and wash water to enter the storm drain system and any connections to the storm drain system from indoor drains and sinks, regardless of whether such drain or connection had been previously allowed, permitted, or approved by an authorized enforcement agency or, any drain or conveyance connected from a commercial or industrial land use to the storm drain system which has not been documented in plans, maps, or equivalent records and approved by an authorized enforcement agency.
- (9) Illegal Discharge: any direct or indirect non-storm water discharge to a storm drain system, except as exempted in this Article.
- (10) Municipal separate storm sewer system (MS4): the system of conveyances (including sidewalks, roads with drainage systems, municipal

streets, catch basins, curbs, gutters, ditches, man-made channels and storm drains) owned and operated by the City and designed or used for collecting or conveying storm water, and which is not used for collecting or conveying sewage.

(11) National Pollutant Discharge Elimination System (NPDES): The national program for issuing, modifying, revoking and reissuing, terminating, monitoring and enforcing permits, and imposing and enforcing pretreatment requirements, under Articles 307, 402, 318, and 405 of the federal Clean Water Act.

(12) Non-point source: any source of any discharge of a pollutant that is not a "point source" (defined below).

(13) Notice of intent ("N.O.I."): the Notice of Intent that is required by the NPDES Storm Water Multi-Sector Generic Permit, the EPA NPDES Storm Water Construction generic permit, or any similar generic permit to discharge storm water associated with industrial activity which is issued by the EPA.

(14) Operator: the party or parties who or which either individually or taken together meet the following two criteria: 1) they have operational control over the site specifications (including the ability to make modifications in specifications); and 2) they have the day-to-day operational control of those activities at the site necessary to ensure compliance with Stormwater Pollution Prevention Plan requirements and any permit conditions.

(15) Point source: any discernible, confined, and discrete conveyance, including but not limited to, any pipe, ditch, channel, tunnel, conduit, well, discrete fissure, container, rolling stock, concentrated animal feeding operation, landfill leachate collection system, vessel or other floating craft from which pollutants are or may be discharged. This term does not include return flows from irrigated agriculture or agricultural storm water runoff.

(16) Private Property: any real property within the City that is privately owned and which is not defined as public property in this Article.

(17) Public Property: any lands and improvements owned by the federal government, the state, a county, or municipality and includes sovereignty submerged lands located adjacent to the county or municipality, including the

City beaches, buildings, grounds, parks, playgrounds, streets, sidewalks, parkways, rights-of-way, and similar public property.

(18) Stormwater discharge associated with industrial activity: the discharge from any conveyance which is used for collecting and conveying stormwater and which is directly related to manufacturing, processing or raw materials storage areas at an industrial plant. The term includes discharges from facilities or activities excluded from the NPDES program under 40 CFR parts 122 (as defined at 40 CFR part 401).

(19) Stormwater pollution prevention plan (“SWPPP”): a plan required by a permit to discharge stormwater associated with industrial activity, including construction, and which describes and ensures the implementation of practices that are to be used to reduce the pollutants in stormwater discharges associated with industrial activity at a facility.

(20) Total Suspended Solids (“TSS”): solids that either float on the surface, or are in suspension in water, wastewater, or other liquids, and which are generally removable by a laboratory filtration device. TSS is expressed in milligrams per liter.

(21) Uncontaminated: not containing a harmful quantity of any substance.

(22) Wastewater: any water or other liquid, other than uncontaminated storm water, discharged from a facility.

(23) Waters of the State: ground-water, percolating or otherwise, lakes, bays, ponds, impounding reservoirs, springs, rivers, streams, creeks, wetlands, marshes, inlets, canals inside the territorial limits of the state, and all other bodies of surface water, natural or artificial, navigable or non-navigable, and including the bed and banks of all watercourses and bodies of surface water that are wholly or partially inside or bordering the State of Florida or within the jurisdiction of the State of Florida.

(24) Waters of the United States: all waters which are currently used, were used in the past, or may be susceptible to use in interstate or foreign commerce; all interstate waters, including interstate wetlands; all other waters the use, degradation, or destruction of which would affect or could affect interstate or

foreign commerce; all impoundments of waters otherwise defined as waters of the United States under this definition; all tributaries of waters identified in this definition; all wetlands adjacent to waters identified in this definition; and any waters within the federal definition of "waters of the United States" at 40 CFR 122.2; but not including any waste treatment systems, treatment ponds, or lagoons designed to meet the requirements of the federal Clean Water Act.

(B) Stormwater Management Plan Requirements. A stormwater management plan shall be submitted to the City for all projects that add impervious area or modify pervious area whether or not City Commission approval is required. The adopted level of service for drainage is to retain the first inch of rainfall on-site; post-development runoff shall not exceed predevelopment runoff rate for a 25-year storm event, up to and including an event with a 24-hour duration. All stormwater management plans submitted pursuant to this Article shall conform to the following standards:

- (1) General Requirements. The following general requirements shall be adhered to when developing a stormwater management plan:
 - (a) All stormwater drains, inlets and infiltration structures that have connection to a waterway, shall be designed to include a storm drain stencil message, which reads, "NO DUMPING! DRAINS TO WATERWAY". The stencil message shall be five (5) inches by twenty-nine (29) inches, with a white background and blue letters and made of thermoplastic. All stencils should reflect Flint Trading, Inc., reference item number 89182093HS and if an alternate manufacturer is used, a sample stencil shall be provided to the Building Department for approval prior to installation.
 - (b) Performance standards. Stormwater management plans shall be included in all projects requiring City Commission approval. Each plan shall demonstrate that the proposed development activity has been planned, designed and will be constructed and maintained to meet each of the following performance standards:
 - (c) Erosion and sedimentation facilities/devices are required for all development and redevelopment projects within the City. Erosion

and sedimentation facilities shall receive regular maintenance to ensure that they continue to function properly. Minimum erosion control standards are identified in the subsection below, “Illicit Discharge Detection and Elimination”.

(C) Illicit Discharge Detection and Elimination.

- (1) Purpose. The purpose of this Article is to provide for the health, safety, and general welfare of the citizens of Dania Beach through the regulation of non-stormwater discharges to the storm drainage system to the maximum extent practicable as required by federal and state law. This Article establishes minimum standards and methods for controlling the introduction of pollutants into the Municipal Separate Storm Sewer System (MS4) in order to comply with requirements of the NPDES permit process.
- (2) Prohibition of Illegal Discharges. No person shall discharge or cause to be discharged into the municipal storm drain system or watercourses any materials, including but not limited to pollutants or waters containing any pollutants that cause or contribute to a violation of applicable water quality standards, other than stormwater. The commencement, conduct or continuance of any illicit discharge into the storm drain system is prohibited except as described as follows:
- (3) Exemptions from discharge prohibitions. The following discharges are exempt from discharge prohibitions established by this Article: water line flushing or other potable water sources, landscape irrigation or lawn watering, diverted stream flows, rising ground water, ground water infiltration to storm drains, uncontaminated pumped ground water, foundation or footing drains (not including active groundwater dewatering systems), crawl space pumps, air conditioning condensation, springs, non-commercial washing of vehicles, natural riparian habitat or wet-land flows, swimming pools (if dechlorinated-typically less than one parts per million chlorine), firefighting activities, and any other water source not containing pollutants, as well as discharges specified in writing by the

City as being necessary to protect public health and safety. Dye testing is an allowable discharge, but requires a written notification to the City Public Services Director or his/her designee 48 hours prior to the time of the test.

- (4) The prohibition shall not apply to any non-stormwater discharge permitted under an NPDES permit, waiver, or waste discharge order issued to the discharger and administered under the authority of the EPA, provided that the discharger is in full compliance with all requirements of the permit, waiver, or order and other applicable laws and regulations, and provided that written approval has been granted for any discharge to the storm drain system.
- (5) Prohibition of illicit connections. This prohibition expressly includes, without limitation, illicit connections made in the past, regardless of whether the connection was permissible under law or practices applicable or prevailing at the time of connection.
 - (a) The construction, use, maintenance or continued existence of illicit connections to the storm drain system is prohibited.
 - (b) A person is considered to be in violation of this Article if the person connects a line conveying sewage to the MS4, or allows such a connection to continue.
 - (c) A person commits an offense if that person reinstates MS4 access to premises terminated pursuant to this Article without the prior approval by the City.
- (6) Suspension of access to a municipal storm sewer system. The City may suspend access to the municipal storm sewer system if either one of the following situations occurs:
 - (a) Suspension due to Illicit Discharges in Emergency Situations. The City, without prior notice, may suspend MS4 discharge access to a person when such suspension is necessary to stop an actual or threatened discharge, which presents or may present imminent and substantial danger to the environment, or to the health or welfare

of persons, or to the MS4 or Waters of the United States. If the violator fails to comply with a suspension order issued in an emergency, the City may enter the property and take such steps as deemed necessary to prevent or minimize damage to the MS4 or Waters of the United States, or to minimize danger to persons. The person / violator shall be responsible to reimburse the City for all costs incurred from the corrective action.

- (b) Suspension due to the Detection of Illicit Discharge. Any person discharging to the MS4 in violation of this Article may have MS4 access terminated if such termination would abate or reduce an illicit discharge.
- (7) Industrial or Construction Activity Discharges. Any person subject to an industrial or construction activity NPDES stormwater discharge permit shall comply with all provisions of such permit. Proof of compliance with the permit may be required in a form acceptable to the City Public Services Director or his/her designee prior to the allowing of discharges to the MS4.
- (8) Monitoring of Discharges. The following regulations apply to all facilities that have stormwater discharges associated with industrial activity, including construction activity:
 - (a) The City shall be permitted to enter and inspect facilities subject to regulation under this Article as often as may be necessary to determine compliance with this Article. If a discharger has a security measure in force, which requires proper identification and clearance before entry into its premises, the discharger shall make the necessary arrangements to allow access to representatives of the City.
 - (b) Facility operators shall allow the City access to all parts of the premises for the purposes of inspection, sampling, examination and copying of records that must be kept under the conditions of

an NPDES permit to discharge stormwater, and the performance of any additional duties as defined by state and federal law.

- (c) The City has the right to require the discharger to install monitoring equipment as necessary. The facility's sampling and monitoring equipment shall be maintained at all times in a safe and proper operating condition by the discharger at its own expense. All devices used to measure stormwater flow and quality shall be calibrated to ensure their accuracy.
- (d) The City shall have the right to set up on any permitted facility such devices as are necessary in the opinion of the City to conduct monitoring, sampling or both of the facility's stormwater discharge.
- (e) Any temporary or permanent obstruction to safe and easy access to the facility to be inspected, sampled or both shall be promptly removed by the operator at the written or oral request of the City and shall not be replaced. The costs of clearing such access shall be borne by the operator.
- (f) Unreasonable delays in allowing the City access to a permitted facility is a violation of a stormwater discharge permit and of this Article. An operator of a facility with a NPDES permit to discharge stormwater associated with industrial activity commits an offense if the operator denies the City reasonable access to the permitted facility for the purpose of conducting any activity authorized or required by this Article.
- (g) If the City has been refused access to any part of the premises from which stormwater is discharged, and the City is able to demonstrate probable cause to believe that there may be a violation of this Article, or that there is a need to inspect, sample or both as part of a routine inspection and sampling program designed to verify compliance with this Article or any order issued under it, or to protect the overall public health, safety, and welfare

of the community, then the City may seek issuance of a search warrant from any court of competent jurisdiction.

- (9) Requirement To Prevent, Control, And Reduce Stormwater Pollutants By The Use Of Best Management Practices (BMP's). The City of Dania Beach has adopted requirements identifying BMP's for any activity, operation, or facility, which may cause or contribute to pollution or contamination of stormwater, the storm drain system, or waters of the United States. The owner or operator of a commercial or industrial establishment shall provide, at its own expense, reasonable protection from accidental discharge of prohibited materials or other wastes into the MS4 or watercourses through the use of these structural and non-structural BMP's. Further, any person responsible for a property or premise, which is or may be the source of an illicit discharge, may be required to implement, at the person's expense, additional structural and non-structural BMPs to prevent the further discharge of pollutants into the MS4. Compliance with all terms and conditions of a valid NPDES permit authorizing the discharge of stormwater associated with industrial activity, to the extent practicable, shall be deemed compliance with the provisions of this Article. These BMP's shall be part of a Stormwater Pollution Prevention Plan (SWPPP) as necessary for compliance with requirements of the NPDES permit.
- (10) Watercourse Protection. Persons owning property through which a watercourse passes, or such person's lessee, shall keep and maintain that part of the watercourse within the property free of trash, debris, excessive vegetation, and other obstacles that would pollute, contaminate, or significantly reduce the flow of water through the watercourse. In addition, the owner or lessee shall maintain existing privately owned structures within or adjacent to a watercourse, so that such structures will not become a hazard to the use, function, or physical integrity of the watercourse.

- (11) Notification of Spills. Notwithstanding other requirements of law, as soon as any person responsible for a facility or operation, or responsible for emergency response for a facility or operation has information of any known or suspected release of materials which are resulting or may result in illegal discharges or pollutants discharging into stormwater, the storm drain system, or Waters of the United States, such person shall take all necessary steps to ensure the discovery, containment, and cleanup of such release. In the event of such a release of hazardous materials, the person shall immediately notify emergency response agencies of the occurrence via emergency dispatch services. In the event of a release of non-hazardous materials, the person shall notify the City Public Services Director or his/her designee in person or by telephone or facsimile no later than the next business day. Notifications in person or by telephone shall be confirmed by written notice addressed and mailed to the City Public Services Department within three business days of the telephone notice. If the discharge of prohibited materials emanates from a commercial or industrial establishment, the owner or operator of such establishment shall also retain an on-site written record of the discharge and the actions taken to prevent its recurrence. Such records shall be retained for at least three years.
- (12) Enforcement. Whenever the City finds that an owner/operator has violated a prohibition or failed to meet a requirement of this Article, the City may order compliance by written notice of violation to the responsible owner/operator. Such notice may require, without limitation:
- (a) The performance of monitoring, analyses, and reporting;
 - (b) The elimination of illicit connections or discharges;
 - (c) That violating discharges, practices, or operations shall cease and desist;
 - (d) The abatement or remediation of storm water pollution or contamination hazards and the restoration of any affected property;

- (e) Payment of a fine to cover administrative and remediation costs;
 - (f) The implementation of source control or treatment BMPs;
 - (g) If abatement of a violation, restoration of affected property or both are required, the notice shall set forth a deadline within which such remediation or restoration must be completed. The notice shall further advise that, should the violator fail to remediate or restore within the established deadline, the City, or the City's designee will do the work and the expense shall be charged to the violator.
- (13) Appeal of Notice of Violation or Request for Variance. Any person receiving a Notice of Violation may appeal or seek a variance from the requirements of this Article pursuant to the provisions of either Article 615 (appeal) or Article 625 (variance) of the City's Code of Ordinances.
- (14) Enforcement Measures After Appeal or Variance Denial. In the event of an appeal where the Notice of Violation has been upheld or the variance denied, the affected person has thirty (30) calendar days from the date the Notice of Violation was upheld to correct the violation as stated under the terms of the Notice of Violation or to file a timely Petition for Writ of Certiorari with a court of competent jurisdiction. However, the filing of any such Petition shall not stay the period of time to correct the violation unless a court order is obtained which calls for such a stay. Failure to correct the violation as stated under the terms of the Notice of Violation within the previously stated thirty (30) calendar days shall cause the City or representatives of the City to take any and all measures necessary to abate the violation, restore the property or both. It shall be unlawful for any person, owner, agent or person in possession of any premises to refuse to allow the City or representatives of the City to enter upon the premises for the purposes set forth above.
- (15) Cost of Abatement of the Violation. Within fourteen (14) calendar days after abatement of the violation, the owner of the property will be notified of the cost of abatement, including administrative costs. The property owner may file a written protest objecting to the amount of the assessment

within fourteen (14) calendar days and pursuant to the provisions of Article 615 of this Code of Ordinances. If the amount due is not paid within a timely manner as determined by the decision of the above noted appellate authority or by the expiration of the time in which to file an appeal, the charges shall become a special assessment against the property and shall constitute a lien on the property for the amount of the assessment. Any person violating any of the provisions of this Article shall become liable to the City by reason of such violation. The liability shall be paid in not more than twelve (12) consecutive equal payments.

(D) Material Management. The purpose of this Article is to promote good housekeeping practices that are designed to significantly reduce and control stormwater runoff pollution, which runs into storm drains, treatment facilities and local waterways.

(1) Construction Sites.

- (a) Paint/solvent storage shall not be permitted within fifty (50) feet of an Environmentally Sensitive Area (ESA) and shall be enclosed in weather/leak proof storage facility;
- (b) Fuel storage tanks shall be located seventy-five (75) feet or more from an ESA or storm drain and shall be maintained in a state approved leak proof container;
- (c) All above ground tanks for fueling shall be secondarily contained;
- (d) Portable waste receptacles must be on the construction site and must be serviced on a regular basis;
- (e) Construction site driveways can be installed with or without wheel washing stations, but must prevent construction site vehicle wheels from transporting soil and sediment from the construction site and onto roadways;
- (f) All hazardous waste material will be disposed of in a manner specified by federal, state, and local regulations and manufacturer's specifications;
- (g) All on-site vehicles and tanks will be monitored for leaks and receive regular preventative maintenance to reduce the chance of

leakage. Petroleum products shall be stored in tightly sealed containers, which are clearly labeled. Storage shall be at least seventy-five (75) feet from an ESA or storm drain;

- (h) Any pesticide and herbicide usage shall be applied by a state licensed applicator;
- (i) Fertilizers used shall be applied only in the minimum amount recommended by the manufacturer. If stored on-site, covered storage shall be provided. Any contents of any partially used bags of fertilizers shall be transferred to a sealable container.

(2) Private Property.

- (a) Herbicides shall not be applied within a minimum of twenty-five (25) feet from an ESA or stormwater drains, inlets or infiltration structures that have connection to a waterway;
- (b) Pesticides shall not be applied or stored within a minimum of twenty-five (25) feet of an ESA or stormwater drains, inlets or infiltration structures that have connection to a waterway;
- (c) Fertilizer shall not be applied or stored within a minimum of twenty-five (25) feet of an ESA or stormwater drains, inlets or infiltration structures that have connection to a waterway;
- (d) Fuel and paint storage shall be maintained in a weather and leak proof storage container not less than twenty- five (25) feet from an ESA or stormwater drains, inlets or infiltration structures that have connection to a waterway.

(3) Public Property.

- (a) Herbicides shall not be applied within a minimum of twenty-five (25) feet from an ESA or stormwater drains, inlets or infiltration structures that have connection to a waterway;
- (b) Pesticides shall not be applied or stored within a minimum of twenty-five (25) feet of an ESA or stormwater drains, inlets or infiltration structures that have connection to a waterway;

- (c) Fertilizer shall not be applied or stored within a minimum of twenty-five (25) feet of an ESA or stormwater drains, inlets or infiltration structures that have connection to a waterway;
- (d) Any pesticide and herbicide usage shall be applied by a state licensed applicator;
- (e) Fuel and paint storage shall be contained in a weather proof and leak proof storage facility not less than twenty-five (25) feet from an ESA or stormwater drains, inlets or infiltration structures that have connection to a waterway.

(E) Post Construction Inspection and Enforcement. All non-residential and multi-family residential properties shall be inspected at least once annually and single family residential dwellings on an as needed basis. The City shall be permitted to enter and inspect facilities subject to regulation under this Article as often as may be necessary to determine compliance with this Article.

- (1) Correction notice. Authorized personnel are permitted and empowered to notify the owner of non-compliance with all applicable provisions contained in this Article;
- (2) Notice of violation. All notices required by this Article shall be provided to the alleged violator by certified mail, return receipt requested; by hand delivery by the Sheriff or other law enforcement officer, code inspector or other person designated by the City Commission; or by leaving the notice at the violator's usual place of residence with some person of his family above fifteen (15) years of age and informing such person of the contents of the notice;
- (3) Appeal of notice of violation shall be governed by the provisions of Article 615 of this Code of Ordinances. Actions upon non-compliance shall be governed by the above-noted provisions of this Article and noted above.

Section 4. That if any section, clause, sentence or phrase of this Ordinance is for any reason held invalid or unconstitutional by a court of competent jurisdiction, the holding shall not affect the validity of the remaining portions of this Ordinance.

Section 5. This ordinance shall be in full force and effect immediately upon its passage and adoption.

PASSED on first reading on August 27, 2019.

PASSED AND ADOPTED on second reading on _____, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Resolution

Continued from:

Requested Action (Identify appropriate Action or Motion)

ADOPT RESOLUTION RELATED TO REQUEST FOR PROPOSALS (RFP NO. 19-006) CITY CENTER REDEVELOPMENT OPPORTUNITY PUBLIC PRIVATE PARTNERSHIP; AUTHORIZING THE CITY MANAGER TO ESTABLISH A NEGOTIATING TEAM TO ENTER INTO NEGOTIATIONS FOR A DEVELOPMENT AGREEMENT WITH ARMADA HOFFLER PROPERTIES/CAPITAL GROUP (DANIA BEACH CITY CENTER LLC) IN FURTHERANCE OF THE CITY CENTER REDEVELOPMENT PROJECT

Purchasing Requests ONLY

Dept:

Acct #:

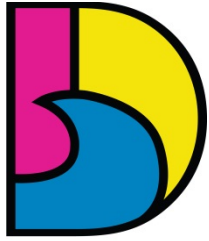
Amt:

Fund:

Fiscal Impact/Cost Summary

Exhibits Attached

Memo - City Center RFP Bid Award, R-2019- City Center Redevelopment Bid Award to Armada Hoffler Properties-Captial Group, Bid Tabulation Result, Evaluation Committee Member Score Sheets, Proposal - Armada Hoffler/Capital Group Investments, Response to Additional Questions - Armada Hoffler/Capital Group, Proposed Financial Matrix - Armada Hoffler/Capital Group, PowerPoint Presentation - Armada Hoffler/Capital Group, Armada Hoffler Financials 2016, Armada Hoffler Financials 2017, Armada Hoffler Financials 2018, Armada Hoffler Financials 2019Q1



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

CITY OF DANIA BEACH OFFICE OF THE CITY MANAGER

MEMORANDUM

DATE: August 27, 2019

TO: Honorable Mayor and Commissioners

FROM: Ana M. Garcia, ICMA-CM, City Manager

VIA: Rickelle Williams, Executive Director, Dania Beach Community Redevelopment Agency

SUBJECT: Approval to enter into negotiations with Armada Hoffler Properties/Capital Group (Dania Beach City Center LLC to be formed) for a development agreement related to Request for Proposal (RFP) No. 19-006 City Center Development Opportunity Public Private Partnership

The Request

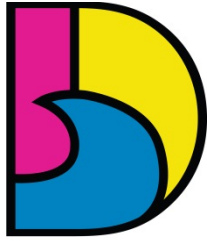
Approval to authorize the City Manager to establish a negotiating committee for the purposes of entering into negotiations with Armada Hoffler Properties/Capital Group (Dania Beach City Center LLC to be formed) for a developer agreement for the City Center mixed-use project relating to Request for Proposal (RFP) No. 19-006 "City Center Development Opportunity Public Private Partnership."

Background

On December 11, 2018, the City Commission adopted Resolution No. 2018-180 to enter into a tri-party "piggyback" agreement with the Dania Beach Community Redevelopment Agency (CRA) and Colliers International South Florida for Real Estate Brokerage and Lease Management Services. City and CRA staff worked with Colliers International South Florida to prepare a Request for Proposal related to the Project. On March 12, 2019, the City Commission adopted Resolution No. 2019-023 authorizing a bid advertisement for a public private partnership for the Project consisting of a mixed-use development with public and private facilities.

The City posted and advertised Request for Proposals ("RFP") No. 19-006 "City Center Redevelopment Opportunity Public Private Partnership" on the City of Dania Beach's website, Demand Star and in the Sun-Sentinel newspaper on March 15, 2019. A non-mandatory pre-bid meeting was held on May 16, 2019 and the bid opening was held on June 13, 2019. Three bidders submitted their respective bids. The three bidders that submitted proposals were Armada Hoffler Properties/Capital Group (Dania Beach City Center LLC to be formed); OHL Infrastructure, Inc. (Dania Beach Development Partners); and New Urban Communities.

The Evaluation Committee held an initial review meeting on Thursday, June 27, 2019. The Evaluation Committee requested supplementary information from all three bidders on July 15, 2019 and all three bidders submitted the requested supplementary information to the City Clerk on July 29, 2019. The Evaluation Committee held a secondary review meeting on August 2, 2019 to review the proposals and



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MEMORANDUM

listen to oral presentations from each bidder. The Evaluation Committee held a final review meeting on August 7, 2019 to score and rank the three (3) proposals received. All three bidders were found to be responsible and responsive. The bidders ranked as follows based on total points and average scores:

Rank #1: Armada Hoffler Properties/Capital Group (Dania Beach City Center LLC to be formed)

Rank #2: OHL Infrastructure, Inc. (Dania Beach Development Partners)

Rank #3: New Urban Communities

Based on the final rankings resulting from the solicitation process, the Evaluation Committee and the City Manager, are making a recommendation to the City Commission to enter into negotiations with the highest ranked firm, Armada Hoffler Properties/Capital Group (Dania Beach City Center LLC to be formed), for a developer agreement for the Project subject to subsequent approval by the City Commission.

Budgetary Impact

That funding for the related professional services will be appropriated from the City's General Reserves Account No. 001-271-00-00 to the General Fund City Manager Professional Services Account No. 001-12-01-512-31-10 in the amount of Seventy Five Thousand Dollars (\$75,000.00) and all services will be procured in accordance with the City's Procurement Policy. Any remaining available funds in Fiscal Year 2018-2019 will automatically roll forward for the Fiscal Year 2019-2020 budget.

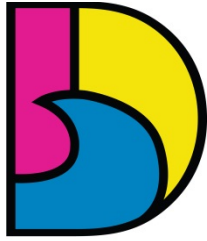
Recommendation

Authorize the City Manager and the negotiation team and designees to enter into negotiations for an agreement with Armada Hoffler Properties/Capital Group (Dania Beach City Center LLC to be formed) for the Project relating to RFP No. 19-006 "City Center Redevelopment Opportunity Public Private Partnership".

If the negotiation team is unable to reach a satisfactory developer agreement with the top ranked firm, the City negotiating team, upon notification to the City Commission by the City Manager, can proceed to negotiate with the other proposers in ranking order.

Attachments

1. Bid Award Resolution
2. Bid Tabulation Results
3. Evaluation Committee Member Score Sheets
4. Proposal - Armada Hoffler Properties/Capital Group
5. Response to Additional Questions - Armada Hoffler Properties/Capital Group
6. Proposed Financial Matrix - Armada Hoffler Properties/Capital Group
7. PowerPoint Presentation - Armada Hoffler Properties/Capital Group
8. 2016 Financials - Armada Hoffler Properties/Capital Group
9. 2017 Financials - Armada Hoffler Properties/Capital Group
10. 2018 Financials - Armada Hoffler Properties/Capital Group



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MEMORANDUM

11. 2019 Financials - Armada Hoffer Properties/Capital Group

RESOLUTION NO. 2019-094

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, RELATED TO REQUEST FOR PROPOSALS (RFP NO. 19-006) CITY CENTER REDEVELOPMENT OPPORTUNITY PUBLIC PRIVATE PARTNERSHIP; AUTHORIZING THE CITY MANAGER TO ESTABLISH A NEGOTIATING TEAM TO ENTER INTO NEGOTIATIONS FOR A DEVELOPMENT AGREEMENT WITH ARMADA HOFFLER PROPERTIES/CAPITAL GROUP (DANIA BEACH CITY CENTER LLC) IN FURTHERANCE OF THE CITY CENTER REDEVELOPMENT PROJECT; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on October 9, 2018, the Dania Beach Community Redevelopment Agency (CRA) Board, adopted Resolution No. 2018-CRA-020 accepting the Florida International University Metropolitan Center City Center Community Charrette and Preliminary Action Plan (the “Action Plan”) and authorized the advancement of a public private partnership development initiative for the City Hall/City Center redevelopment project (the “Project”); and

WHEREAS, on December 11, 2018, in advancement of the Action Plan, the City Commission adopted Resolution No. 2018-180 to enter into a tri-party “piggyback” agreement with the Dania Beach Community Redevelopment Agency and Colliers International South Florida for Real Estate Brokerage and Lease Management Services related to the Project; and

WHEREAS, City and CRA staff worked with Colliers International South Florida to prepare a Request for Proposal related to the Project; and

WHEREAS, on March 12, 2019, the City Commission adopted Resolution No. 2019-023 authorizing a bid advertisement for a public private partnership for the Project consisting of a mixed-use development with public and private facilities and on March 12, 2019, the CRA Board adopted Resolution 2019-CRA-005 supporting the bid advertisement for the Project; and

WHEREAS, the City posted and advertised Request for Proposals (“RFP”) No. 19-006 “City Center Redevelopment Opportunity Public Private Partnership” on the City of Dania Beach’s website, Demand Star and in the Sun-Sentinel newspaper on March 15, 2019; and

WHEREAS, the CRA also advertised the RFP with the South Florida Business Journal, Florida Redevelopment Association, Sun-Sentinel, Florida Trend and the International Council of Shopping Centers; and

WHEREAS, a non-mandatory pre-bid meeting was held on Thursday, May 16, 2019 at 2:00 p.m. at City Hall; and

WHEREAS, the bid opening was held on Thursday, June 13, 2019 at 2:30 p.m. at City Hall; and

WHEREAS, three (3) bidders submitted their respective bids; and

WHEREAS, the three (3) bidders that submitted proposals were Armada Hoffler Properties/Capital Group (Dania Beach City Center LLC to be formed); OHL Infrastructure, Inc. (Dania Beach Development Partners); and New Urban Communities; and

WHEREAS, the Evaluation Committee held an initial review meeting on Thursday, June 27, 2019 at 9:30 a.m. at City Hall to evaluate the three proposals received; and

WHEREAS, the Evaluation Committee requested supplementary information from all three (3) bidders on Monday, July 15, 2019 and all three (3) bidders submitted the requested supplementary information to the City Clerk on Monday, July 29, 2019; and

WHEREAS, the Evaluation Committee held a secondary review meeting on Friday, August 2, 2019 at 9:30 a.m. at City Hall to review the proposals and listen to oral presentations from each bidder; and

WHEREAS, the Evaluation Committee held a final review meeting on Wednesday, August 7, 2019 at 1:00 p.m. at City Hall to score and rank the three (3) proposals received; and

WHEREAS, the Evaluation Committee consisted of James Brady (Saul Ewing Arnstein and Lehr), Kevin Greiner (Florida International University Metropolitan Center), Ken Krasnow (Colliers International South Florida), Marc LaFerrier (City of Dania Beach), Nicki Satterfield (City of Dania Beach) and Rickelle Williams (Dania Beach Community Redevelopment Agency); and

WHEREAS, the proposals were evaluated by each of the six (6) Evaluation Committee members out of one hundred (100) maximum points based on the following criteria:

20 points- Firm Experience and Team

10 points- Similar Past Projects

30 points- Financial Ability

20 points- Conceptual Plan/Timeline

20 points- Deal Structure

WHEREAS, all three (3) bidders were found to be responsible and responsive; and

WHEREAS, the bidders ranked as follows based on total points and average scores:

Rank #1: Armada Hoffler Properties/Capital Group (Dania Beach City Center LLC to be formed)

Total Points: 552 out of 600

Rank #2: OHL Infrastructure, Inc. (Dania Beach Development Partners)

Total Points: 526 out of 600

Rank #3: New Urban Communities

Total Points: 497 out of 600; and

WHEREAS, based on the final rankings resulting from the solicitation process, the Evaluation Committee has made a recommendation for award to the City Manager, who further recommends to the City Commission to enter into negotiations with the highest ranked firm, Armada Hoffler Properties/Capital Group (Dania Beach City Center LLC to be formed), for a developer agreement for the Project subject to subsequent approval by the City Commission; and

WHEREAS, if the recommendation is accepted by the City Commission, the City Manager will establish a negotiating team that will consist of:

- City Manager
- Assistant City Manager
- City Attorney and a legal designee
- Finance Director and a financial designee
- Community Development Director
- CRA Executive Director and a designee;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That the above “Whereas” clauses are ratified and confirmed as being true and correct, and they are made a part of and incorporated into this Resolution by this reference.

Section 2. That the City Commission of the City of Dania Beach, Florida authorizes the City Manager and the negotiation team to enter into negotiations for an agreement with Armada Hoffler Properties/Capital Group (Dania Beach City Center LLC to be formed) for the Project relating to RFP No. 19-006 “City Center Redevelopment Opportunity Public Private Partnership” and that any such negotiated agreement is subject to approval by the City Commission.

Section 3. That funding for the related professional services will be appropriated from the City's General Reserves Account No. 001-271-00-00 to the General Fund City Manager Professional Services Account No. 001-12-01-512-31-10 in the amount of Seventy Five Thousand Dollars (\$75,000.00) and all services will be procured in accordance with the City's Procurement Policy. Any remaining available funds in Fiscal Year 2018-2019 will automatically roll forward for the Fiscal Year 2019-2020 budget.

Section 4. That if the negotiation team is unable to reach a satisfactory developer agreement with the top ranked firm, the City negotiating team, upon notification to the City Commission by the City Manager, can proceed to negotiate with the other proposers in ranking order.

Section 5. That all resolutions or parts of resolutions in conflict with this Resolution are repealed to the extent of such conflict.

Section 6. That this Resolution shall be in full force and take effect immediately upon its passage and adoption.

PASSED AND ADOPTED on August 27, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

Evaluation Committee Total Scores				
RFP 19-006 City Center Development Opportunity Public Private Partnership				
Evaluation Committee Member	Evaluation Category	Max Score	Firm 1: Dania Beach City Center LLC - Capital Group Enterprises & Armada Hoffer Properties	Firm 2: Dania Beach Development Partners, OHL Infrastructure, Inc.
JAMES BRADY Saul, Ewing, Arnstein & Lehr	Firm Experience/Team	20	20	20
	Similar Past Projects	10	10	8
	Financial Ability	30	30	26
	Conceptual Plan/Timeline	20	20	16
	Deal Structure	20	20	18
	Total Score	100	100	88
KEVIN GREINER FIU Metropolitan Center/ Urban Centric Analytics	Firm Experience/Team	20	20	18
	Similar Past Projects	10	10	8
	Financial Ability	30	30	30
	Conceptual Plan/Timeline	20	19	18
	Deal Structure	20	20	17
	Total Score	100	99	91
KEN KRASNOW Colliers International South Florida	Firm Experience/Team	20	18	16
	Similar Past Projects	10	8	6
	Financial Ability	30	28	25
	Conceptual Plan/Timeline	20	15	18
	Deal Structure	20	16	17
	Total Score	100	85	82
MARC LaFERRIER City of Dania Beach	Firm Experience/Team	20	17	18
	Similar Past Projects	10	8	6
	Financial Ability	30	25	21
	Conceptual Plan/Timeline	20	15	16
	Deal Structure	20	18	17
	Total Score	100	83	78
NICKI SATTERFIELD City of Dania Beach	Firm Experience/Team	20	20	20
	Similar Past Projects	10	8	10
	Financial Ability	30	30	29
	Conceptual Plan/Timeline	20	16	19
	Deal Structure	20	16	18
	Total Score	100	90	96
RICKELLE WILLIAMS Dania Beach Community Redevelopment Agency	Firm Experience/Team	20	20	20
	Similar Past Projects	10	10	10
	Financial Ability	30	30	28
	Conceptual Plan/Timeline	20	17	18
	Deal Structure	20	18	15
	Total Score	100	95	91
	Grand Max Total	600	552	526
	Average Score	100	92	87.66666667
	RANK		1	2

Firm 3: New Urban Communities
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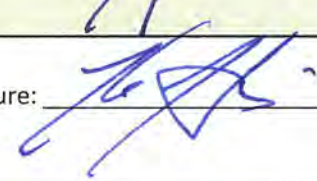
Evaluation Committee Score Sheet - August 2, 2019 RFP 19-006 City Center Development Opportunity Public Private Partnership				
Evaluation Category	Max Score	Firm 1: Dania Beach City Center LLC - Capital Group Enterprises & Armada Hoffer Properties	Firm 2: Dania Beach Development Partners, OHL Infrastructure, Inc.	Firm 3: New Urban Communities
Firm Experience/Team: 1) Firm name, address, telephone and email. 2) Ownership/organization structure. 3) Parent company (if applicable). 4) Officers and principals. 5) Description of key personnel, including: principal in charge, project manager and all other key personnel who will be assigned to the Project. 6) Corporate approval process. Provide an organization chart/development team structure identifying all individuals and entities who the Developer is proposing to have as participants in the proposed Project.	20	20	20	20
Similar Past Projects: 1) Indicate the firm's number of years of experience in providing the professional services as it relates to the work contemplated. 2) Provide details of past projects with summary descriptions. Descriptions should include at minimum: scope of services provided, contract period and duration, status of project, development program, project descriptions, and financing sources, if available. 3) Provide two (2) references.	10	10	8	6
Financial Ability: 1) The Developer must demonstrate its ability to execute its proposed project by providing the following information to demonstrate the Developer's financial capabilities: • Provide proof of funds and/or demonstrate ability of development firm to execute the proposed development plan. 2) Identify any additional or unique resources, capabilities or assets which the Developer would bring to this Project, if applicable. 3) Financial ability of the Developer to execute 99-year lease of the City Center Site and complete the Project. 4) The Developer must provide an estimate of the private equity required and the estimated request for City and CRA participation in the Project (i.e. land, capital improvements, etc.). 5) Provide two (2) bank references, including contact persons and telephone numbers. 6) Ability to put forth a to be agreed upon construction bond dollar amount until completion of project.	30	30	26	24
Conceptual Plan/Timeline: 1) Conceptual site plan and renderings of the proposed Project; 2) Description of the proposed Project including unique features and opportunities; 3) The identification of mix of uses, types of tenants, or any combination of uses; 4) Any other ideas or new concepts for the Project; 5) Provide an anticipated timeline for initial due diligence; planning and project development and project pro forma and financing strategy. (Include a list of additional information that would be helpful in expediting the due diligence process.) 6) All existing facilities need to remain operational during construction, however, they do not necessarily need to be operational onsite, or in current facilities. Provide clarification on plans for how City/ County's ongoing operations continue during site development. 7) Provide description of any plans to incorporate neighboring properties.	20	20	16	10
Deal Structure: 1) Developer should describe the proposed terms for lease of the City Center Site (up to 99-year term), including any other considerations or aspects that affect the proposed development pro forma. 2) Describe the proposer's desired financial structure. 3) For Developers proposing Projects that include requesting development or tax incentives, including any Project requesting public assistance or the lease of real estate below market value, provide a draft development pro forma to validate the financial feasibility or financial funding gaps of the Project. 4) Describe any tenant improvement allowance for City Hall requirement and parking requirements for City Hall.	20	20	18	10
TOTAL SCORE	100	100	88	70

Evaluation Committee Member Name: James C. Brady

Evaluation Committee Member Signature: [Signature]

Evaluation Committee Score Sheet - August 2, 2019 RFP 19-006 City Center Development Opportunity Public Private Partnership				
Evaluation Category	Max Score	Firm 1: Dania Beach City Center LLC Capital Group Enterprises & Armada Hoffer Properties	Firm 2: Dania Beach Development Partners, OHL Infrastructure, Inc.	Firm 3: New Urban Communities
Firm Experience/Team: 1) Firm name, address, telephone and email. 2) Ownership/organization structure. 3) Parent company (if applicable). 4) Officers and principals. 5) Description of key personnel, including: principal in charge, project manager and all other key personnel who will be assigned to the Project. 6) Corporate approval process. Provide an organization chart/development team structure identifying all individuals and entities who the Developer is proposing to have as participants in the proposed Project.	20	20	18	18
Similar Past Projects: 1) Indicate the firm's number of years of experience in providing the professional services as it relates to the work contemplated. 2) Provide details of past projects with summary descriptions. Descriptions should include at minimum: scope of services provided, contract period and duration, status of project, development program, project descriptions, and financing sources, if available. 3) Provide two (2) references.	10	10	8	9
Financial Ability: 1) The Developer must demonstrate its ability to execute its proposed project by providing the following information to demonstrate the Developer's financial capabilities: • Provide proof of funds and/or demonstrate ability of development firm to execute the proposed development plan. 2) Identify any additional or unique resources, capabilities or assets which the Developer would bring to this Project, if applicable. 3) Financial ability of the Developer to execute 99-year lease of the City Center Site and complete the Project. 4) The Developer must provide an estimate of the private equity required and the estimated request for City and CRA participation in the Project (i.e. land, capital improvements, etc.). 5) Provide two (2) bank references, including contact persons and telephone numbers. 6) Ability to put forth a to be agreed upon construction bond dollar amount until completion of project.	30	30	30	28
Conceptual Plan/Timeline: 1) Conceptual site plan and renderings of the proposed Project; 2) Description of the proposed Project including unique features and opportunities; 3) The identification of mix of uses, types of tenants, or any combination of uses; 4) Any other ideas or new concepts for the Project; 5) Provide an anticipated timeline for initial due diligence; planning and project development and project pro forma and financing strategy. (Include a list of additional information that would be helpful in expediting the due diligence process.) 6) All existing facilities need to remain operational during construction, however, they do not necessarily need to be operational onsite, or in current facilities. Provide clarification on plans for how City/ County's ongoing operations continue during site development. 7) Provide description of any plans to incorporate neighboring properties.	20	19	18	19
Deal Structure: 1) Developer should describe the proposed terms for lease of the City Center Site (up to 99-year term), including any other considerations or aspects that affect the proposed development pro forma. 2) Describe the proposer's desired financial structure. 3) For Developers proposing Projects that include requesting development or tax incentives, including any Project requesting public assistance or the lease of real estate below market value, provide a draft development pro forma to validate the financial feasibility or financial funding gaps of the Project. 4) Describe any tenant improvement allowance for City Hall requirement and parking requirements for City Hall.	20	20	17	18
TOTAL SCORE	100	99	91	92

Evaluation Committee Member Name: KEVIN T. GREINER

Evaluation Committee Member Signature: 

Evaluation Committee Score Sheet - August 2, 2019 RFP 19-006 City Center Development Opportunity Public Private Partnership				
Evaluation Category	Max Score	Firm 1: Dania Beach City Center LLC - Capital Group Enterprises & Armada Hoffler Properties	Firm 2: Dania Beach Development Partners, OHL Infrastructure, Inc.	Firm 3: New Urban Communities
Firm Experience/Team: 1) Firm name, address, telephone and email. 2) Ownership/organization structure. 3) Parent company (if applicable). 4) Officers and principals. 5) Description of key personnel, including: principal in charge, project manager and all other key personnel who will be assigned to the Project. 6) Corporate approval process. Provide an organization chart/development team structure identifying all individuals and entities who the Developer is proposing to have as participants in the proposed Project.	20	18	16	19
Similar Past Projects: 1) Indicate the firm's number of years of experience in providing the professional services as it relates to the work contemplated. 2) Provide details of past projects with summary descriptions. Descriptions should include at minimum: scope of services provided, contract period and duration, status of project, development program, project descriptions, and financing sources, if available. 3) Provide two (2) references.	10	6	6	9
Financial Ability: 1) The Developer must demonstrate its ability to execute its proposed project by providing the following information to demonstrate the Developer's financial capabilities: • Provide proof of funds and/or demonstrate ability of development firm to execute the proposed development plan. 2) Identify any additional or unique resources, capabilities or assets which the Developer would bring to this Project, if applicable. 3) Financial ability of the Developer to execute 99-year lease of the City Center Site and complete the Project. 4) The Developer must provide an estimate of the private equity required and the estimated request for City and CRA participation in the Project (i.e. land, capital improvements, etc.). 5) Provide two (2) bank references, including contact persons and telephone numbers. 6) Ability to put forth a to be agreed upon construction bond dollar amount until completion of project.	30	28	25	23
Conceptual Plan/Timeline: 1) Conceptual site plan and renderings of the proposed Project; 2) Description of the proposed Project including unique features and opportunities; 3) The identification of mix of uses, types of tenants, or any combination of uses; 4) Any other ideas or new concepts for the Project; 5) Provide an anticipated timeline for initial due diligence; planning and project development and project pro forma and financing strategy. (Include a list of additional information that would be helpful in expediting the due diligence process.) 6) All existing facilities need to remain operational during construction, however, they do not necessarily need to be operational onsite, or in current facilities. Provide clarification on plans for how City/ County's ongoing operations continue during site development. 7) Provide description of any plans to incorporate neighboring properties.	20	15	18	17
Deal Structure: 1) Developer should describe the proposed terms for lease of the City Center Site (up to 99-year term), including any other considerations or aspects that affect the proposed development pro forma. 2) Describe the proposer's desired financial structure. 3) For Developers proposing Projects that include requesting development or tax incentives, including any Project requesting public assistance or the lease of real estate below market value, provide a draft development pro forma to validate the financial feasibility or financial funding gaps of the Project. 4) Describe any tenant improvement allowance for City Hall requirement and parking requirements for City Hall.	20	16	17	15
TOTAL SCORE	100	85	81	79

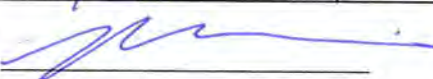
Evaluation Committee Member Name: Ken Krasnow

Evaluation Committee Member Signature: [Signature]

Evaluation Committee Score Sheet - August 2, 2019
RFP 19-006 City Center Development Opportunity Public Private Partnership

Evaluation Category	Max Score	Firm 1: Dania Beach City Center LLC - Capital Group Enterprises & Armada Hoffler Properties	Firm 2: Dania Beach Development Partners, OHL Infrastructure, Inc.	Firm 3: New Urban Communities
Firm Experience/Team: 1) Firm name, address, telephone and email. 2) Ownership/organization structure. 3) Parent company (if applicable). 4) Officers and principals. 5) Description of key personnel, including: principal in charge, project manager and all other key personnel who will be assigned to the Project. 6) Corporate approval process. Provide an organization chart/development team structure identifying all individuals and entities who the Developer is proposing to have as participants in the proposed Project.	20	17	18	18 17 <i>ne</i>
Similar Past Projects: 1) Indicate the firm's number of years of experience in providing the professional services as it relates to the work contemplated. 2) Provide details of past projects with summary descriptions. Descriptions should include at minimum: scope of services provided, contract period and duration, status of project, development program, project descriptions, and financing sources, if available. 3) Provide two (2) references.	10	8	6	8
Financial Ability: 1) The Developer must demonstrate its ability to execute its proposed project by providing the following information to demonstrate the Developer's financial capabilities: • Provide proof of funds and/or demonstrate ability of development firm to execute the proposed development plan. 2) Identify any additional or unique resources, capabilities or assets which the Developer would bring to this Project, if applicable. 3) Financial ability of the Developer to execute 99-year lease of the City Center Site and complete the Project. 4) The Developer must provide an estimate of the private equity required and the estimated request for City and CRA participation in the Project (i.e. land, capital improvements, etc.). 5) Provide two (2) bank references, including contact persons and telephone numbers. 6) Ability to put forth a to be agreed upon construction bond dollar amount until completion of project.	30	25	21	20
Conceptual Plan/Timeline: 1) Conceptual site plan and renderings of the proposed Project; 2) Description of the proposed Project including unique features and opportunities; 3) The identification of mix of uses, types of tenants, or any combination of uses; 4) Any other ideas or new concepts for the Project; 5) Provide an anticipated timeline for initial due diligence; planning and project development and project pro forma and financing strategy. (Include a list of additional information that would be helpful in expediting the due diligence process.) 6) All existing facilities need to remain operational during construction, however, they do not necessarily need to be operational onsite, or in current facilities. Provide clarification on plans for how City/ County's ongoing operations continue during site development. 7) Provide description of any plans to incorporate neighboring properties.	20	15	16	14
Deal Structure: 1) Developer should describe the proposed terms for lease of the City Center Site (up to 99-year term), including any other considerations or aspects that affect the proposed development pro forma. 2) Describe the proposer's desired financial structure. 3) For Developers proposing Projects that include requesting development or tax incentives, including any Project requesting public assistance or the lease of real estate below market value, provide a draft development pro forma to validate the financial feasibility or financial funding gaps of the Project. 4) Describe any tenant improvement allowance for City Hall requirement and parking requirements for City Hall.	20	18	17	15
TOTAL SCORE	100	83	78	74

Evaluation Committee Member Name: Marc LaFerrier

Evaluation Committee Member Signature: 

Evaluation Committee Score Sheet - August 2, 2019 RFP 19-006 City Center Development Opportunity Public Private Partnership				
Evaluation Category	Max Score	Firm 1: Dania Beach City Center LLC - Capital Group Enterprises & Armada Hoffler Properties	Firm 2: Dania Beach Development Partners, OHL Infrastructure, Inc.	Firm 3: New Urban Communities
Firm Experience/Team: 1) Firm name, address, telephone and email. 2) Ownership/organization structure. 3) Parent company (if applicable). 4) Officers and principals. 5) Description of key personnel, including: principal in charge, project manager and all other key personnel who will be assigned to the Project. 6) Corporate approval process. Provide an organization chart/development team structure identifying all individuals and entities who the Developer is proposing to have as participants in the proposed Project.	20	20	20	20
Similar Past Projects: 1) Indicate the firm's number of years of experience in providing the professional services as it relates to the work contemplated. 2) Provide details of past projects with summary descriptions. Descriptions should include at minimum: scope of services provided, contract period and duration, status of project, development program, project descriptions, and financing sources, if available. 3) Provide two (2) references.	10	8	10	10
Financial Ability: 1) The Developer must demonstrate its ability to execute its proposed project by providing the following information to demonstrate the Developer's financial capabilities: • Provide proof of funds and/or demonstrate ability of development firm to execute the proposed development plan. 2) Identify any additional or unique resources, capabilities or assets which the Developer would bring to this Project, if applicable. 3) Financial ability of the Developer to execute 99-year lease of the City Center Site and complete the Project. 4) The Developer must provide an estimate of the private equity required and the estimated request for City and CRA participation in the Project (i.e. land, capital improvements, etc.). 5) Provide two (2) bank references, including contact persons and telephone numbers. 6) Ability to put forth a to be agreed upon construction bond dollar amount until completion of project.	30	30	29	28
Conceptual Plan/Timeline: 1) Conceptual site plan and renderings of the proposed Project; 2) Description of the proposed Project including unique features and opportunities; 3) The identification of mix of uses, types of tenants, or any combination of uses; 4) Any other ideas or new concepts for the Project; 5) Provide an anticipated timeline for initial due diligence; planning and project development and project pro forma and financing strategy. (Include a list of additional information that would be helpful in expediting the due diligence process.) 6) All existing facilities need to remain operational during construction, however, they do not necessarily need to be operational onsite, or in current facilities. Provide clarification on plans for how City/ County's ongoing operations continue during site development. 7) Provide description of any plans to incorporate neighboring properties.	20	16	19	17
Deal Structure: 1) Developer should describe the proposed terms for lease of the City Center Site (up to 99-year term), including any other considerations or aspects that affect the proposed development pro forma. 2) Describe the proposer's desired financial structure. 3) For Developers proposing Projects that include requesting development or tax incentives, including any Project requesting public assistance or the lease of real estate below market value, provide a draft development pro forma to validate the financial feasibility or financial funding gaps of the Project. 4) Describe any tenant improvement allowance for City Hall requirement and parking requirements for City Hall.	20	16	18	14
TOTAL SCORE	100	90	96	89

Evaluation Committee Member Name: Nicki Satterfield

Evaluation Committee Member Signature: Nicki Satterfield

Evaluation Committee Score Sheet - August 2, 2019 RFP 19-006 City Center Development Opportunity Public Private Partnership				
Evaluation Category	Max Score	Firm 1: Dania Beach City Center LLC - Capital Group Enterprises & Armada Hoffler Properties	Firm 2: Dania Beach Development Partners, OHL Infrastructure, Inc.	Firm 3: New Urban Communities
Firm Experience/Team: 1) Firm name, address, telephone and email. 2) Ownership/organization structure. 3) Parent company (if applicable). 4) Officers and principals. 5) Description of key personnel, including: principal in charge, project manager and all other key personnel who will be assigned to the Project. 6) Corporate approval process. Provide an organization chart/development team structure identifying all individuals and entities who the Developer is proposing to have as participants in the proposed Project.	20	20	20	20
Similar Past Projects: 1) Indicate the firm's number of years of experience in providing the professional services as it relates to the work contemplated. 2) Provide details of past projects with summary descriptions. Descriptions should include at minimum: scope of services provided, contract period and duration, status of project, development program, project descriptions, and financing sources, if available. 3) Provide two (2) references.	10	10	10	8
Financial Ability: 1) The Developer must demonstrate its ability to execute its proposed project by providing the following information to demonstrate the Developer's financial capabilities: • Provide proof of funds and/or demonstrate ability of development firm to execute the proposed development plan. 2) Identify any additional or unique resources, capabilities or assets which the Developer would bring to this Project, if applicable. 3) Financial ability of the Developer to execute 99-year lease of the City Center Site and complete the Project. 4) The Developer must provide an estimate of the private equity required and the estimated request for City and CRA participation in the Project (i.e. land, capital improvements, etc.). 5) Provide two (2) bank references, including contact persons and telephone numbers. 6) Ability to put forth a to be agreed upon construction bond dollar amount until completion of project.	30	30	28	26
Conceptual Plan/Timeline: 1) Conceptual site plan and renderings of the proposed Project; 2) Description of the proposed Project including unique features and opportunities; 3) The identification of mix of uses, types of tenants, or any combination of uses; 4) Any other ideas or new concepts for the Project; 5) Provide an anticipated timeline for initial due diligence; planning and project development and project pro forma and financing strategy. (Include a list of additional information that would be helpful in expediting the due diligence process.) 6) All existing facilities need to remain operational during construction, however, they do not necessarily need to be operational onsite, or in current facilities. Provide clarification on plans for how City/ County's ongoing operations continue during site development. 7) Provide description of any plans to incorporate neighboring properties.	20	17	18	18
Deal Structure: 1) Developer should describe the proposed terms for lease of the City Center Site (up to 99-year term), including any other considerations or aspects that affect the proposed development pro forma. 2) Describe the proposer's desired financial structure. 3) For Developers proposing Projects that include requesting development or tax incentives, including any Project requesting public assistance or the lease of real estate below market value, provide a draft development pro forma to validate the financial feasibility or financial funding gaps of the Project. 4) Describe any tenant improvement allowance for City Hall requirement and parking requirements for City Hall.	20	18	15	17
TOTAL SCORE	100	95	91	89

Evaluation Committee Member Name: Rickelle Williams

Evaluation Committee Member Signature: Rickelle Williams

Evaluation Committee Total Scores					
RFP 19-006 City Center Development Opportunity Public Private Partnership					
Evaluation Committee Member	Evaluation Category	Max Score	Firm 1: Dania Beach City Center LLC - Capital Group Enterprises & Armada Hoffler Properties	Firm 2: Dania Beach Development Partners, OHL Infrastructure, Inc.	Firm 3: New Urban Communities
JAMES BRADY Saul, Ewing, Arnstein & Lehr	Firm Experience/Team	20	26	20	20
	Similar Past Projects	10	10	8	6
	Financial Ability	30	30	26	24
	Conceptual Plan/Timeline	20	20	16	10
	Deal Structure	20	20	18	10
	Total Score	100	100 ⁰	88 ⁰	70 ⁰
KEVIN GREINER FIU Metropolitan Center/Urban Centric Analytics	Firm Experience/Team	20	20	18	18
	Similar Past Projects	10	10	8	9
	Financial Ability	30	30	30	28
	Conceptual Plan/Timeline	20	19	18	19
	Deal Structure	20	20	17	18
	Total Score	100	99 ⁰	91 ⁰	92 ⁰
KEN KRASNOW Colliers International South Florida	Firm Experience/Team	20	18	16	19
	Similar Past Projects	10	8	6	9
	Financial Ability	30	28	25	23
	Conceptual Plan/Timeline	20	15	18	17
	Deal Structure	20	16	17	15
	Total Score	100	85 ⁰	82 ⁰	83 ⁰
MARC LaFERRIER City of Dania Beach	Firm Experience/Team	20	17	18	17
	Similar Past Projects	10	8	6	8
	Financial Ability	30	25	21	20
	Conceptual Plan/Timeline	20	15	16	14
	Deal Structure	20	18	17	15
	Total Score	100	83 ⁰	78 ⁰	74 ⁰
NICKI SATTERFIELD City of Dania Beach	Firm Experience/Team	20	20	20	20
	Similar Past Projects	10	8	10	10
	Financial Ability	30	30	29	28
	Conceptual Plan/Timeline	20	16	19	17
	Deal Structure	20	16	18	14
	Total Score	100	90 ⁰	96 ⁰	89 ⁰
RICKELLE WILLIAMS Dania Beach Community Redevelopment Agency	Firm Experience/Team	20	20	20	20
	Similar Past Projects	10	10	10	8
	Financial Ability	30	30	28	26
	Conceptual Plan/Timeline	20	17	18	18
	Deal Structure	20	18	15	17
	Total Score	100	95 ⁰	91 ⁰	89 ⁰
	Grand Max Total	600	552 ⁰	526 ⁰	497 ⁰
	Average Score	100	0	0	0
	RANK		1	2	3



DANIA BEACH CITY CENTER DEVELOPMENT

REQUEST FOR QUALIFICATIONS FOR REAL ESTATE DEVELOPER Dania Beach CRA Submittal Requirements

June 13, 2019



www.armadahoffler.com



www.CapitalGroupUSA.com

Mario Caprini
Local Partner-in-Charge
Dania Beach City Center LLC to be formed
Managing Member
Capital Group P3 Developments LLC
55 NE 5th Avenue, Suite 501
Boca Raton, FL 33432



June 13, 2019

Thomas L. Schneider, CMC, City Clerk
City of Dania Beach
100 West Dania Beach Boulevard
Dania Beach, FL 33004

Dear Mr. Schneider:

On behalf of Armada Hoffer Properties, please accept this letter of interest to partner with the Town of Dania Beach, Florida to develop multiple vertical projects in accordance with plans to be determined and approved.

Over the course of our 40-year history, Armada Hoffer Properties has completed 25 public-private partnerships in collaboration with various municipalities, states, public and private universities, the Federal government, and sovereign nations to develop and build transformational projects. Based on this experience, we are confident that Armada Hoffer Properties is the right development partner for the Town of Dania Beach.

Joint Venture Development

We have discussed entering into a Joint Venture Agreement with Capital Group P3 Developments LLC who has done a significant amount of pre-development planning for the site. Our success over the years has been a mirror image of this proposed opportunity where we enter Joint Venture Agreements with local developers who know the site intimately and we add our significant development, construction and financial capabilities to the equation. We believe this is a "win-win" for the Town of Dania Beach since you receive the benefit of not one but two formidable organizations working for you.

Timing of Our Commitment

Upon a decision by the Town of Dania Beach that provides our team with this tremendous opportunity we would immediately negotiate and enter into a binding agreement with Capital Group P3 Developments LLC to advance this unique and special project. We are a 40-year old, fully-integrated development and construction company. When we identify an opportunity we believe in, we work quickly and seamlessly with our Joint Venture Partner. All of this will benefit the Town of Dania Beach and its quest for new, modern first-class facilities.

Capital Sources

Armada Hoffer Properties is a publicly-traded real estate investment trust (NYSE: AHH) with ready access to capital through our \$125 million equity offering program as well as our \$355 million credit facility. As a public real estate investment trust (REIT) all of our financial information is publicly filed with the SEC. Our NYSE stock symbol is "AHH" so feel free to look at our company and recent activities.

We look forward to working with the Town of Dania Beach in order to maximize the benefits and value of this exciting project.

Sincerely,

Jonathan Morris
Chief Investment Officer

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SECTION 1

Company Profile and Background Information

Local Team



Mario Caprini
Managing Member, President
Local Partner

As President and Chief Executive Officer of Capital Group, as well as being the founder of Capital Group P3 Developments, Mario is a seasoned veteran as a real estate investor, entrepreneur, builder developer, consultant and portfolio owner who has developed and built over 1,000 residential units, 5,000,000 square feet of industrial parks, and owned hundreds of thousands of square feet of office, retail and medical buildings.

Mario managed his own portfolio more than 1,000,000 square feet and has done business in many countries. Mario's specialty is creative solutions to real estate needs using Private Public Partnerships (P3)

Some of the notable achievements in his career range from Entrepreneur of the year in Montreal, best residential project in Canada, to best office development in North East Ohio. Mario was the first Canadians to have clear title on ex-communist soil in Poland and created an international real estate partnership between private and public entities. Mario Caprini is a real estate visionary and developed innovative solutions including LeaseOwnership, Accelerate Economic Development Program, Debt Elimination Program (DEP) and The Realizer a powerful Real Estate Investment Software.

Mario's latest achievement was the development of a state of the art green energy efficient home prototype for the city of Pompano Beach which was awarded "2017 and 2018 Best Affordable Home in the USA" by the Structural Insulated Panel Association (SIPA) as well as 2017 Recognition of Excellence by the City of Pompano Beach and awarded by Gold Coast Builders Association which is the Florida representation of the National Home Builders Association (NHBA): 2017 Best Energy Efficient Home 1,000 sq. ft. to 2,500 sq. ft. and 2017 Best Innovative Green Design Materials & Resources.

Local Team



Richard A. Cohen, DBIA
Developer’s Representative / Project Manager

The success of every project is dependent upon the leadership and day to day management of the project. Richard Cohen will be the single point of contact for the City of Dania Beach throughout all phases of the project.

Richard has over 30 years of experience in both residential and commercial projects and has Bachelor or Science from Clemson University in Construction Management. While Richard began his career in residential construction, he spent over 25 years working for a Hensel Phelps; one of the largest building services, development and Design Build construction companies in the United States. Richard's career included holding nearly every position on individual projects over seeing the management of day field operations at the project sites. In addition, Richard spent over 12 years in an Executive Leadership role in Hensel Phelps including managing all operations of the South Florida Regional Office business unit covering the Tri-County area and the Caribbean markets.

Richard's career involved projects from almost every market sector of the industry on both the public and private side of the industry. This experience includes:

- Public Safety Buildings
- Government Office Buildings
- Municipal Parks and Recreational Facilities
- Aquatic Facilities
- Court Houses
- Museums
- Detention Facilities
- Office Buildings
- Hospitality
- Multi-Family Apartments
- Rail and Bus Operation Centers
- Maintenance Facilitates for Public Transportation
- Water and Waste Treatment

Richard's involvement in feasibility studies, project development, programming, design, construction and building services gives him a unique understanding of the entire life cycle of each project. This broad range of experience over all aspects of the project life cycle allows for long range vision and a comprehensive understanding of how each decision affects not just the short-term outcome but the long-term implications those decisions have on the maintenance, operational and sustainability of every building.

Local Team



Eddy Sua
Broker

Capital Group Realty is owned and managed by Ms. Eddy Sua, Broker, FL. CGD has forged a 10-year relationship with Capital Group to identify real estate opportunities particularly in the south Florida area. This alliance is of particular note in part because it has provided the company with local knowledge of the real estate market as well as access to several high net worth international clients. In its capacity as exclusive brokerage firm to CGP3D it has a keen understanding of the acquisition criteria and standards that CGP3D seeks.

Ms. Eddy Sua was born in Colombia, SA, and moved to the United States at an early age. She has resided in Florida since 1979. She has always been in business for herself and currently is the Managing Broker and owner of Capital Group Realty. She has held significant positions at many recognized real estate brokerage companies including the international firms of Exit Realty and Balistreri Realty. Over her eighteen years tenure in the real estate business she has received many prestigious awards including being recognized as the Top Producer in the State of Florida for many years. Her track record includes representing over 900 clients and generating sales volumes in excess of \$500 million. She is certified by the National Association of Realtors as a Certified International Property Specialist, Certified Buyer’s Agent and Certified Distressed and Foreclosure Specialist. Ms. Sua has served as the secretary for the Women’s Council in Palm Beach County.

Capital Group Realty is well known for its specialization in residential investments for foreign nationals and Ms. Sua is considered an expert by her peers in the prestigious south Florida area. In 2011 the firm expanded its focus to the commercial real estate arena and Ms. Sua has already closed several transactions with end users for substantial properties.

Lead Master Developer

DEVELOPMENT TEAM



LOUIS S. HADDAD

PRESIDENT & CEO

Mr. Haddad was recruited to Armada Hoffler in 1985 as an on-site construction superintendent where he quickly distinguished himself among company executives and subcontractors alike. Following several promotions, he was elevated to President of Armada Hoffler Construction Company in 1987 despite being a few months shy of his 30th birthday. During his subsequent 9-year tenure, the division's annual revenue grew from \$5 million to \$150 million. In 1996, Lou was promoted to President of Armada Hoffler Holding Company, the parent of all Armada Hoffler entities, inclusive of the flagship development division as well as asset management. In 1999, he was given the additional title of Chief Executive Officer. Under his leadership Armada Hoffler became one of the largest commercial real estate concerns in the Commonwealth of Virginia with signature projects across several mid-Atlantic states. In 2013, he spearheaded the company's initial public offering and transition into a publicly-traded REIT listed on the NYSE. With Lou as CEO, the company has more than tripled its market cap and produced returns that have consistently outperformed both the MSCI REIT and Russell 2000 Indices.



BERNARD L. SHUMATE JR.

EXECUTIVE VICE PRESIDENT - HEAD OF DEVELOPMENT

Promoted to Executive Vice President – Head of Development in 2018, Mr. Shumate is responsible for managing Armada Hoffler's development team with oversight over all of the company's development projects. With a relentless focus on controlling development risk, Mr. Shumate works closely with the executive management team to ensure that the corporate strategy is consistently supported by the efforts of the development team and that all development projects are completed on budget and on schedule. Mr. Shumate has more than 30 years of experience in the industry. Since first joining Armada Hoffler in 1998, he has held numerous positions within the construction business including Project Executive, Estimating Executive, Operations Manager and Vice President. Mr. Shumate graduated from Virginia Tech with a Bachelor of Science in Civil Engineering and holds a Class A Contractors License in Tennessee.



CHRISTOPHER J. ODLE

EXECUTIVE VICE PRESIDENT OF DEVELOPMENT

With over 25 years of experience in planning, estimating and development, Mr. Odle's extensive resume of complex development projects and track record of delivering both on time and on budget with economics meeting or exceeding expectations enable him to oversee Armada Hoffler's most complex development initiatives. Mr. Odle joined Armada Hoffler in 1995 and in his present capacity as Executive Vice President of Development, Mr. Odle spends significant energy designing and creating development programs to produce high quality and financially viable mixed-use spaces that effectively bring tenants and their employees together with clients and customers while offering amenities that enhance these interactions. In addition, Mr. Odle's depth of experience allows him to be a technical resource for the company's entire development team. Mr. Odle has served on various community boards and is currently a member of the Board of Directors for the James City County Economic Development Authority. He graduated from the University of Florida with a Bachelor of Science degree in Building Construction.

Lead Master Developer



ERIC E. APPERSON

PRESIDENT OF CONSTRUCTION

Mr. Apperson began his career with Armada Hoffler in 1987 and held various positions prior to becoming President of Goodman Segar Hogan Hoffler Construction (a subsidiary of Armada Hoffler) in 1997. Due to his wide range of experience in management, he was appointed President of Armada Hoffler Construction Company in 2000. In addition to being responsible for the overall management, strategic growth and financial health of the Construction Company, he focuses on developing and cultivating relationships with new and existing clients, subcontractors and employees. Mr. Apperson holds a Bachelor of Arts degree from Hampden-Sydney College where he is a member of the Board of Trustees. Mr. Apperson has been a member of the Board of Directors of Bank @lantec since 2007 and has served as its Chairman since 2010. He now sits on the Virginia Advisory Board of Bank @lantec, a Division of Dollar Bank. He has also been a member of the Board of Trustees at Cape Henry Collegiate since 2014.



ALAN R. HUNT

EXECUTIVE VICE PRESIDENT OF CONSTRUCTION

Alan R. Hunt currently serves as Executive Vice President of Construction, a position he has held since 2007. From 2004 until 2007, Mr. Hunt served as Vice President of Armada Hoffler Construction Company. From 2001 until 2004, he served as a Site Manager at Armada Hoffler and worked as a Project Superintendent from 1991 until 2001. Mr. Hunt has overseen the Baltimore office of Armada Hoffler since the mid-1990's and is responsible for scheduling, budgets, pre-construction and knowledge into the design phase. Mr. Hunt received a degree in computer science from the State University of New York at Alfred.

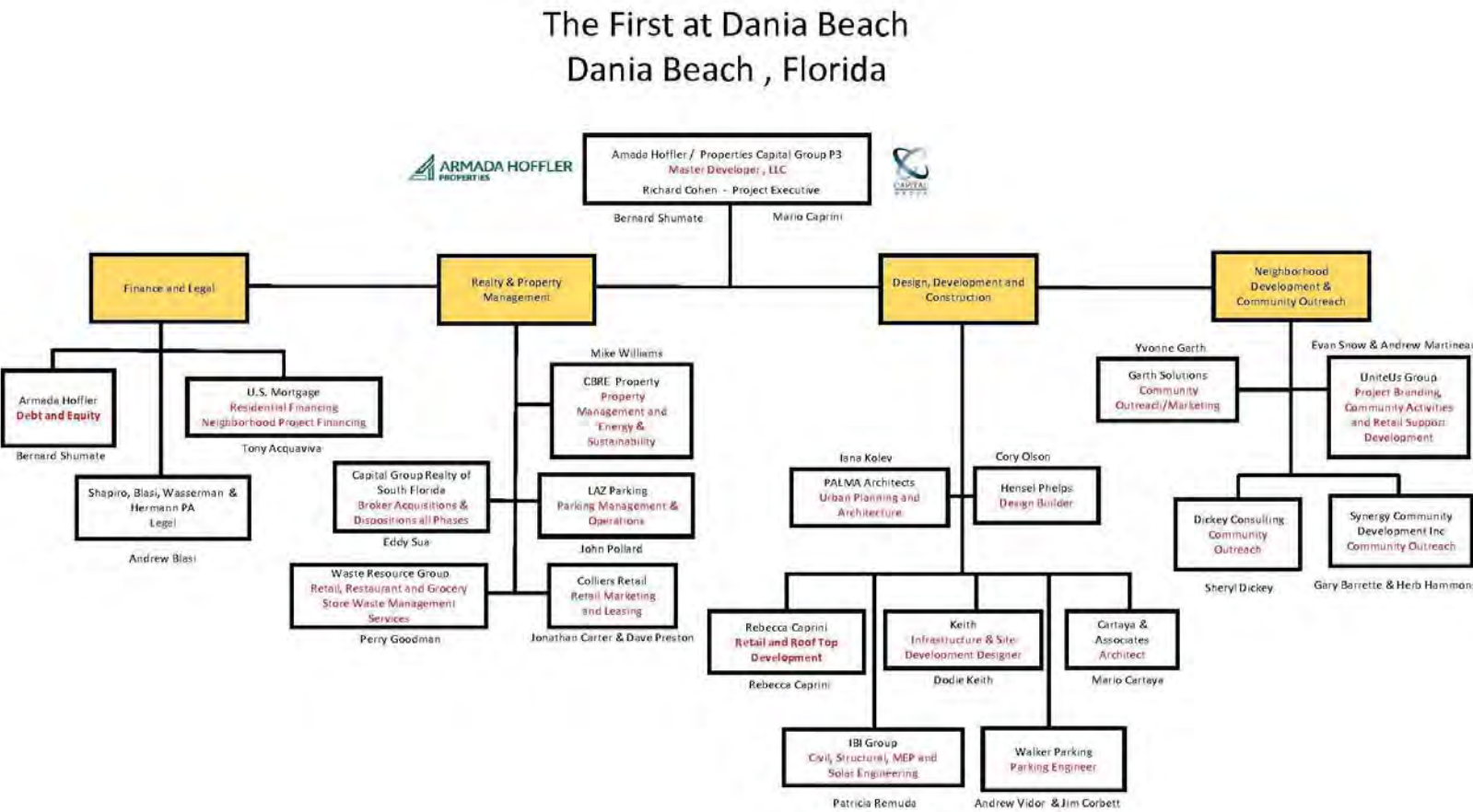


SHELLY R. HAMPTON

PRESIDENT OF ASSET MANAGEMENT

Shelly R. Hampton has served as President of Asset Management of Armada Hoffler since 2011. From 2009 to 2011, Ms. Hampton served as Vice President of Asset Management of Armada Hoffler. From 1999 until 2011, Ms. Hampton served as the Director of Asset Management of Armada Hoffler. Ms. Hampton previously served as Vice President of Finance as JLM Holdings. Ms. Hampton holds an Associate of Applied Science in Business Management from Metropolitan College and graduated cum laude with a Bachelor of Science in Business Administration from Western New England University.

The Team



SECTION 2

Qualifications, Experience and Comparable Projects

ARMADA HOFFLER

Armada Hoffler Properties is a vertically-integrated, self-managed real estate investment trust with nearly four decades of experience developing, building, acquiring and managing high-quality office, retail and multifamily properties located primarily in the Mid-Atlantic and Southeastern United States. In addition to developing and building properties for its own account, the Company also provides development and general contracting construction services to third-party clients. Founded in 1979 by Daniel A. Hoffler, the Company completed its initial listing on the New York Stock Exchange in 2013 (NYSE: AHH).

Armada Hoffler’s integrated business model creates a competitive advantage in the marketplace and provides sustainable, long-term value to investors. Our logo reflects the highly successful synergy between the Company’s three business units – **development, construction, and asset management** – as illustrated by the three blocks that compose the iconic Armada Hoffler triangle.





PUBLIC-PRIVATE PARTNERSHIP EXPERIENCE



Having completed 25 public-private partnerships throughout its history, Armada Hoffer has particular expertise working in collaboration with municipalities, states, public and private universities, the federal government, sovereign nations, and other public entities to develop and build transformational projects.

One of Armada Hoffer’s most successful public-private partnerships is the \$700+ million mixed-use Town Center development in Virginia Beach, VA. This public-private partnership currently features over 800 apartments and condominiums, more than 400 hotel rooms, approximately 800,000 square feet of Class A office space, nearly 500,000 square feet of retail space, two regional performing arts theaters, and various public gathering areas. Over nearly two decades, Armada Hoffer worked in a strategic alliance with the City of Virginia Beach to fund the public infrastructure and parking needed to support this large private investment that has generated millions of dollars in tax revenue for the City.



TOWN CENTER OF VIRGINIA BEACH

Town Center, an emerging downtown core in the heart of Virginia Beach’s Central Business District, features a vibrant urban mix of upscale retail, Class A office space, luxury residential units, entertainment, and cultural facilities.

This open-air, pedestrian-friendly lifestyle center was developed exclusively by Armada Hoffler as a part of an ongoing, public-private partnership with the City of Virginia Beach which began in 2000. The multi-phase development has become an economic catalyst for the City as well as the broader region.

Town Center features a variety of dining, shopping, and entertainment options, as well as 410 hotel rooms, 30,000 sf of conference space, a 1,300-seat performing arts theater, and another 300-seat performing arts theater. More than 50% of tenants are new to Virginia Beach and over 30% are new to the Coastal Virginia MSA.

To date, the City of Virginia Beach has invested \$200 million in the Town Center of Virginia Beach, while Armada Hoffler Properties and associates have invested approximately \$500 million to create this urban core.

With the next phase of development, Town Center continues to evolve through Phase VI. This next phase of development is a mixed-use project includes retail and restaurant space, luxury apartment homes, a performing arts theater, a public plaza, and a pedestrian



bridge connecting to an adjacent parking garage. Williams Sonoma, Pottery Barn, TASTE, as well as a new restaurant and the new Zeiders American Dream Theater will anchor this phase, further solidifying Town Center as a prime destination for shopping, dining, and entertainment in Coastal Virginia.



460,000+

square feet of
high-end
retail space

800,000+

square feet of class
A office space

110+

commercial tenants

759

apartment units

Over **60** stores and restaurants | **5,000+** parking spaces | **2** business class hotels
3 higher education establishments | **2** performing arts theaters





HARBOR POINT

Baltimore, MD

Located between Harbor East and historic Fells Point, Harbor Point will be a vibrant, highly integrated neighborhood with a focus on sustainability and innovation. As the City's largest downtown, waterfront site yet to be developed, Harbor Point will be composed of 3 million square feet of mixed-use space on 27 acres and will be the leading development showcasing Baltimore's urban renaissance. The neighborhood will feature thoughtfully designed public space including 9.5 acres of waterfront parks and a promenade along the water's edge. Beatty Development Group is the lead developer of the site, which is currently slated for three million square feet of mixed-use development, and Armada Hoffler Properties acts as investment partner, co-developer, and general contractor. Harbor Point will be strategically developed in three phases, and with the second phase of development currently underway, full build-out is projected by 2022.

From the Portfolio of:
Armada Hoffler Properties

Office:
1.6 Million SF

Residential:
±1,000 Units

Retail:
±250,000 SF

Hotel:
500+ Rooms

Parking:
±3,200 Spaces





WILLIAMS MULLEN CENTER

Richmond, VA

Located on the corner of 10th and Canal Streets in downtown Richmond, this office tower features a precast and glass exterior with 200,000 square feet of office space stacked atop 5,500 square feet of first-floor retail and a three-story, 49,000 square foot parking garage. Within the tower, the Williams Mullen Center comprises approximately 147,000 square feet of Class A office space built for one of the Mid-Atlantic region’s most prominent law firms. Developing office space requires in-depth planning. Understanding entitlements, utility requirements, and traffic impacts are just the basis for approvals. When looking to construct a top-of-the-line building in downtown Richmond, Armada Hoffler worked with local partners with knowledge of the site and entitled driveway connections between the existing parking deck and the future office tower which facilitated negotiations between Armada Hoffler, the parking deck owner, and the City of Richmond. This enabled the development agreements to be completed quickly and the building built on-time. By delivering practical solutions to complex urban development



challenges, Armada Hoffler focused on what they do best: enhancing the City’s Central Business District with a new office tower and keeping an important law firm downtown. The initial schedule for the project included approximately ten months to complete tenant improvements after design and costs were approved. Roughly two months after commencement of interior construction work, the client placed three of their floors on hold do accommodate a late change in spatial plan requirements. This change ultimately caused the total redesign of one floor as well as a partial redesign of the other two floors. Armada Hoffler worked closely with the client to mitigate cost and delay impacts to the overall schedule and a “work around” plan was developed to facilitate the re-deployment of construction efforts. Although revised design documents were received four months into the original ten-month construction schedule, Armada Hoffler delivered the tower in June 2010, per the original schedule.

From the Portfolio of:
Armada Hoffler Properties

Services Provided:
Develop/Construct

Product Type:
Office

Completed In:
2010

Project Size:
254,500 Square Feet





ONE CITY CENTER

Durham, NC

One City Center is a 27-story mixed-use project which will feature upon completion 130,000 square feet of office space, anchored by a 55,000 square foot lease with Duke University, along with 22,000 square feet of street-level retail space, both of which will be developed and owned by Armada Hoffler Properties. The Company's partner will simultaneously develop 139 residential units as well as a two-level underground parking garage.

One City Center is a joint-venture development project currently under construction.

From the Portfolio of:
Armada Hoffler Construction

Services Provided:
Develop/Construct

Product Type:
Mixed-Use

Completed In:
2018

Project Size:
152,000 SF
27-Story
130,000 SF of office space
22,000 SF Retail
139 Residential Units

Nine East

NINE EAST 33RD AT JOHN HOPKINS UNIVERSITY

Baltimore, MD

Nine East 33rd is a fully-inclusive student housing complex located one block away from Johns Hopkins University's Homewood Campus. The 12-story building features 157 units with on-site management and topamenities such as student lounges located throughout the building, a fitness center, a club room with kitchen, pool tables, ample seating for large groups with Wi-fi access and an outdoor green roof. The building also includes street-level retail and a 169-car structured parking garage.

From the Portfolio of:

Armada Hoffler Construction

Services Provided:

Develop/Construct

Project Type:

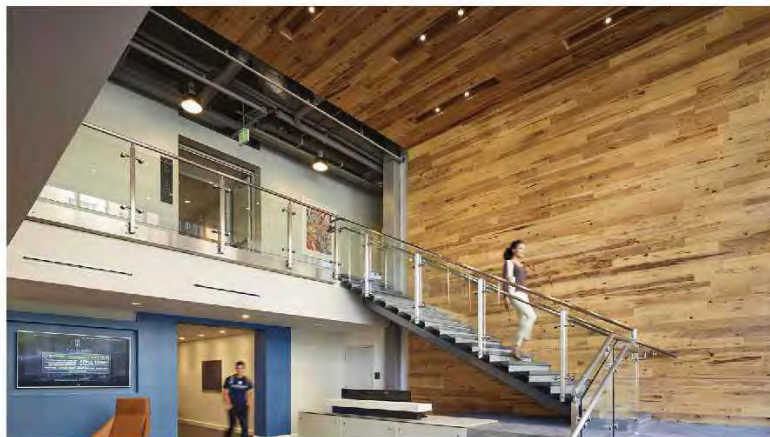
Mixed-use

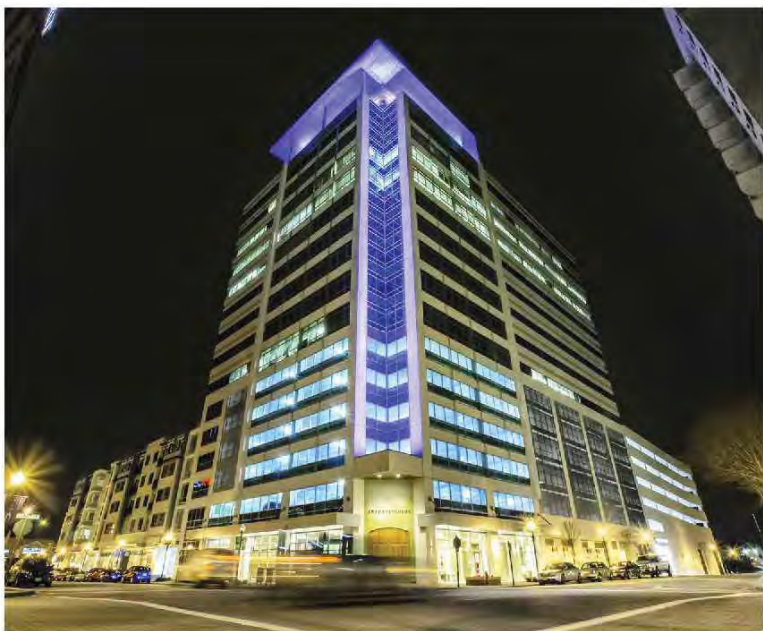
Year Completed:

2016

Project Size:

327,000 SF





4525 MAIN STREET

Virginia Beach, VA

The 4525 Main Street project was the fifth phase of the public-private partnership between Armada Hoffler Properties and the City of Virginia Beach. The mixed-use development encompasses a 15-story office tower with 238,000 square feet of Class A space, as well as 286 luxury apartment homes, approximately 950 parking spaces in a structured garage, and 23,000 square feet of ground-level retail which is 100% leased to Anthropologie, West Elm and Tupelo Honey Café. 4525 Main Street, currently the newest office tower in the Town Center of Virginia Beach, was recently awarded LEED Silver certification, while the Clark Nexsen office space within the tower is LEED Gold certified per the standards established by the U.S. Green Building Council (USGBC).

From the Portfolio of:
Armada Hoffler Properties

Services Provided:
Develop/Construct

Product Type:
Mixed-Use

Completed In:
2014

Project Size:
238,000 Square Feet & 286 Units



Interlock



INTERLOCK

Atlanta, GA

Interlock Commercial, a new mixed-use public-private partnership with Georgia Tech in West Midtown Atlanta, will offer 200,000 square feet of office space, 100,000 square feet of retail space, 350 apartment units, 70 single-family townhomes, and a 125-room boutique hotel in the emerging West Midtown neighborhood of Atlanta. The Company will provide general contracting for the project as well as mezzanine financing for the office and retail portions of the project.

Project Type:
Mixed Use

Estimated Development Cost:
~\$150 Million

Project Size:
100,000 SF Retail
200,000 SF Office
350 Apartment Units
125 Hotel Rooms
70 Townhomes

AHH
LISTED
NYSE

INTEGRATED MODEL IN ACTION



To date, the City of Virginia Beach has invested \$200 million in the Town Center of Virginia Beach, while Armada Hoffler Properties and associates have invested approximately \$500 million to create this urban core.

We believe the Columbus Village acquisitions were a logical and strategic addition to our portfolio with tremendous potential upside related to redevelopment opportunities.



1. 1.3-acre site with potential for development, currently used as a surface parking lot.

2. Phase VI of Town Center – a \$45 million mixed-use development project completed in 3Q18 with 131 apartment units and 39,000 sf of retail

3. Columbus Village I is a 5-acre retail center featuring Barnes & Noble, ULTA Beauty, and Five Below with potential for redevelopment

4. Columbus Village II is a 7-acre retail center featuring Regal Cinema and Bed, Bath & Beyond with potential for redevelopment
- 17

AHH
LISTED
NYSE

1405 POINT | DEVELOPMENT

1405 Point – formerly known as Point Street Apartments – is a 17-story multifamily asset located in Harbor Point, adjacent to Baltimore’s dynamic **Harbor East** area. The property offers residents spectacular, unparalleled water views of Baltimore’s Inner Harbor.

STRUCTURE

- \$99M** development project with options to purchase 100% interest upon completion, at the developer’s cost basis.
- \$25M** mezzanine financing offered by AHH, earning 8% interest income.
- \$64M** construction contract with a 3% fee for Armada Hoffler Construction Company.

289
residential
units

18,000
square feet of
street-level retail



HARBOR POINT

Located between Harbor East and historic Fells Point, Harbor Point is Baltimore’s largest downtown, waterfront development. Beatty Development Group is the lead developer of the 27-acre site, which is currently slated for three million square feet of mixed-use development. Armada Hoffler Properties acts as investment partner, co-developer, and general contractor.



421 7th Ave, Pittsburgh, PA

This project consisted of an empty building in downtown Pittsburgh where we redeveloped this office building using New Market Tax Credits combined with Historical Tax Credits to reposition the property and make it more appealing to the market place. The building ended up being pre-leased and completed.



Cite Jardin Founteneau, Montreal, Canada

Cite Jardin Fonteneau consists of 118 townhouses. This project was a demonstration project for the City of Montreal in a P3 setting. Where the challenge was to create affordable housing, while exceeding the green space criteria and eliminating the majority of garage views which we eliminated by creating back loading garages covered by backyard terraces for each home. Sound proofing and fire protection between units was outstanding between them. The houses ranged from 14 to 18 feet wide on 4 floors. The project was awarded best Residential Demonstration Projects in Canada by Canadian Architect Magazine.



Place Renaissance, Mayfield Heights, OH



This project was built on what was considered unbuildable land from both the development community and the City of Mayfield Heights. Using a creative approach and easements we were able to have the project approved and preleased. Project won Best Office Development in NE Ohio from NAIOP.

1550 De Maisonneuve, Montreal, Canada

This building was on a land lease over a metro station downtown Montreal, the building was becoming obsolete and the owners did not want to invest in it to renovate it due the short term remaining on the land lease. We created a program that required the Federal and Provincial Government and the City of Montreal to approve legislation to allow for the land above a metro station to be sold to the property owners in exchange for a full repositioning of the property which resulted in higher taxes for the City and facilitated the refinancing of the project for the ownership to fully renovate the property and enabled them sign new long term leases with tenants. The building was 100% occupied by the end of the transaction.

Following this unique first above a metro station, many owners of substantial properties above metro stations followed in our footsteps which created a win win situation for everyone involved.



Grand Parc

Grand Parc was a 180 unit demonstration project with the City of Montreal in Operation 20,000 Dwelling. Capital Group and its associates were awarded the project based on its affordability component and it stimulated investors to take action by creating an innovative tri-plex where the owner lives in the townhouse while generating extra income from 3 tenants stacked vertically next door and having garages hidden under tenant units on the side of the building to make the street scape more interesting. The project sold out in 60 days.





Société de développement
de Montréal

June 26, 2002

Direction générale

500, place d'Armes, Bureau 1400
Montréal (Québec) H2Y 2W2

Téléphone : (514) 872-6215
Télécopieur : (514) 872-6225

Dear Sirs / Madams :

This letter is intended to provide you with a reference for Mario Caprini, President & CEO of American National Development.

I had been associated with Mario since 1988 when he developed projects in partnership with the City of Montreal through its various programs. Throughout my career as General Director, I have observed how his unique creativity and resourcefulness has successfully developed significant projects. He remains today the only developer that has received a national award for the "Municipality of the Year" project, presented by Canadian Architect Magazine, better known as Cite Jardin Fonteneau, consisting of 134 residential units. The City of Montreal was awarded this prestigious award in 1993 and is on display in the lobby area.

Mario's motivation and dedication to his work has always inspired confidence with the City's officials who were always satisfied with the results of his endeavors.

I highly recommend Mario Caprini without hesitation to your City.

He will surely provide you with the same great results he has done for the City of Montreal.

Sincerely,

Renaud Paradis
Directeur général

TRANSLATION OF A LETTER DATED MAY 31, 1993 FROM THE MAYOR OF
THE CITY OF MONTREAL, JEAN DORÉ TO MARIO CAPRINI

As you know, the City of Montreal was rewarded, last April 1st, with the Habitas "Municipality of the Year" award, for its conception of the Fonteneau project. This award that was remitted to us by the Group Promexpo, in collaboration with the Quebec Construction Association and the Quebec Union of Municipalities, was to recognize the city that distinguished itself for it or its long lasting residential development projects.

This award ratifies the choices, made by the City of Montreal, regarding its residential development programs. But most of all it emphasizes the interest for us, to pursue our development programs in the same manner as we did with the Fonteneau project, that is by promoting partnership alliances. This project was realized because builders, architects and other participants, such as you, were interested in enforcing the concept put forward by the City of Montreal, and to take on the challenge of developing long lasting and quality projects.

It is also your talent that is recognized through this award and that is why I wanted to congratulate you. Thank you for your contribution towards the achievement of the Fonteneau project. I would appreciate that you also transmit my appreciation to all the members of your team that worked with you on this project.



Ville de Montréal 10 31 mai 1993

Primo de Vice
Tatiana de Doré (primo)

Rue de la

Monsieur Mario Caprini
Groupe Capital
4718, boul. St-Jean
Pierrefonds (Québec)
H9H 4B5

Monsieur,

Vous le savez, la Ville de Montréal s'est mérité le 1^{er} avril dernier le trophée Habitas de la municipalité de l'année pour son aménagement du secteur Fonteneau. Le prix, remis à l'occasion du Salon de la municipalité par le groupe Promexpo, en collaboration avec l'Association de la construction du Québec et l'Union des municipalités du Québec, couronne la municipalité qui s'est distinguée par son ou ses projets de développement durable.

Ce prix vient confirmer les choix faits par la Ville de Montréal en matière de développement résidentiel. Surtout, il souligne l'intérêt pour nous de poursuivre la démarche que nous avons adoptée pour l'aménagement du secteur Fonteneau, démarche basée sur une valorisation du partenariat. En effet, le projet s'est concrétisé parce que quelques constructeurs, architectes et intervenants comme vous ont bien voulu s'intéresser au concept mis de l'avant par la Ville de Montréal, et qu'ils ont relevé le défi du développement durable et de qualité.



Monsieur Mario Caprini - 2 -

Le 31 mai 1993

C'est donc aussi votre talent qui est reconnu à travers ce prix et c'est pourquoi je tenais à vous féliciter. Merci pour votre contribution au secteur Fonteneau. C'est une grande fierté pour la Ville de Montréal de voir votre équipe qui ont travaillé à ce projet.

Veuillez recevoir, Monsieur, l'expression de mes salutations les meilleures.

Le maire de Montréal

Jean Doré

Jean Doré

TRANSLATION OF A LETTER DATED JANUARY 20,1993 FROM THE
CANADIAN MINISTER OF TRANSPORT AND MINISTER RESPONSIBLE
FOR MONTREAL, JEAN CORBEIL TO MARIO CAPRINI.

Decisively my dear Mario, "Capital" will never cease to amaze us. After last years' astonishing success regarding the Fonteneau Garden City project, now you are offering the population of the City of Pierrefonds, "smart home systems" for their new homes.

I really envy the citizens of Pierrefonds that will soon benefit from the best of two worlds: the architecture of an European manor, combined with a state-of-the-art smart home system.

I am well aware of Capital's achievements and its constant care to provide its customers with the best refinements. The article of the "Journal de Montreal" dedicated to the "Pierrefonds Garden City" project, will surely convince your future homebuyers of all the obvious advantages they will obtain, such as security and energy savings, that are revolutionary in respect with their every day use and still they will be benefiting from a classical architecture.

What was perceived a few years ago as science fiction, is now a reality because of promoters such as yourself, whose innovations, like these new electronic devices, are now servicing the homebuyers.

With my sincere congratulations regarding your concept for the homes of the years 2000, I ask you to convey my appreciation to your close collaborators and please accept, mister President and dear friend, my warmest wishes.





FAX 216/442-3818

MARGARET A. EGENSERGER
Mayor/Safety Director

Margaret A. Eganperger

MAE/rca

SECTION 3

P3 Structure

1. Propose terms of lease on the project



City Hall and Library

The Government Lease Financing Program for the development of a +/- 63,000 square foot municipal complex via a lease with buyback option with a 2.5% yearly rent increase for a lease term for 20 year with a \$1 buyback at the end of the lease based on financing 100% of the costs which is preliminarily estimated at +/- \$30MM including a \$50 TI allowance for finishes all backed by performance Bond to completion including the additional 2 floors of new parking at +/- 4.2% fixed rate which means it’s the most economical way to finance government projects.

Description	Building #	Phase	Floor Plate	Floors	Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
City Hall	1	1	18,000	3 and 4	36,000	na	72	\$10,800,000	\$1,900,800	\$12,700,800
Library	1	1		2	18,000	na	36	\$5,400,000	\$950,400	\$6,350,400
Lobby / visitors	1	1		1	2,500	na	79	\$750,000	\$2,085,600	\$2,835,600
Additional Parking to existing	P	1	existing	2			220	\$0	\$5,808,000	\$5,808,000
retail	1	1		1	2,500	na	5	\$750,000	\$132,000	\$882,000
Kids Library	1	1		1	4,000	na	8	\$1,200,000	\$211,200	\$1,411,200
			Totals	4	63,000		420	\$18,900,000	\$11,088,000	\$29,988,000

Fire Station

Using the same financial tool we will fund the approximate cost of \$3.6MM for a new fire station via a lease with buyback option with a 2.5% yearly rent increase for a lease term for 20 year with a \$1 buyback at the end of the lease based on financing 100% of the costs which is preliminarily estimated at +/- \$3.6MM at +/- 4.2% fixed rate

Description	Building #	Phase	Floor Plate	Floors	Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
Fire Station	10	1	6,000	1 and 2	12,000	na	6	\$3,600,000	na	\$3,600,000
			Totals	2	12,000			\$3,000,000		\$3,600,000

Plaza and Public spaces

We are proposing an allowance of \$3MM for the plaza and common areas which could also be financed



Parking

The existing parking structure will remain the property of the city for City hall, library and public use. Our parking experts can make recommendations as to the maintenance and management of the parking facility after we are selected.

2. Financial Structure

Short Term Costs VS Long Term Gain Approach

One of the most important tools we have to accomplish the city's goals is to provide an attractive live work play environments which are very desirable by both employers and the millennials they seek. When combining this with the effort of positioning the city with a new image oriented toward entrepreneurship, art and culture you need to accomplish this by maintaining high standards, at affordable prices. Price point becomes a real success factor and to attract employers and provide relief for the housing crisis to attract new residents we have a great opportunity to offer market rate apartments and condos at a very attractive price points by providing a low land base and passing the savings to the end users. We would consider the land under all residential and commercial properties to be transferred to a lease for 99 years or transferred for \$1 in order to incentivize revenue growth for the city. This will stimulate the absorption of products and provide a more balanced and stable environment for companies and residents with a good tax base and a TIF component can be used to finance the operations and activities of common areas and a trolley to connect the City Center with the airport, the port, the beach, the casino and all the shopping and activities at Dania Point. This will make the city more attractive to employers and residents.

and offering temporary below market leasing rate rents for office and retail will help target the companies and people they desperately need in this tight labor market. Our solution is for the city to contribute the land in order to help the developer reach a very

Short Term Costs VS Long Term Gain Approach (cont.)

We have developed a very attractive plan to enable the city to target and attract the companies they are seeking to Dania Beach. We call this program **Accelerated Economic Development Program** which can be used for strategic office and retail development to land the ideal companies in Dania Beach. How it works is a combination of our Governmental Lease Program with our Lease Ownership Program, here is how it works: The city signs a 20 year lease for an office building which enables us to use our Government Lease program to cover 100% of the costs at +/- 4.2% fixed rate plus 2.5% yearly rent increases and a low land base which transfer as a huge, up to, 25% savings in occupancy for the companies on market base rents making it the most desirable rate available enabling us to snag the best companies to move to Dania Beach. This program minimizes the exposure of the city as we will seek the companies on preleasing conditions and the companies will become sub tenants from the city. Professionally managed by CBRE with an excellent track records. This enabling the city to generate a positive cash flow from the tenants. The kicker is that the developer will guarantee the buyback of the property at market value to the city enabling them to generate a substantial surplus and validating the process. The developer is content of being able to buy a stabilized property and it becomes a win win situation.

Offering below market leasing rates for office will absorb the space quickly, stabilize the area and values and become an attractive option for all involved while minimizing if not eliminating any costs to the City over time.

Projected Costs

First At Dania Beach										
Description	Building #	Phase	Floor Plate	Floors	Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
City Hall	1	1	18,000	3 and 4	36,000	na	72	\$10,800,000	\$1,900,800	\$12,700,800
Library	1	1		2	18,000	na	36	\$5,400,000	\$950,400	\$6,350,400
Lobby / visitors	1	1		1	2,500	na	79	\$750,000	\$2,085,600	\$2,835,600
Additional Parking to existing	P	1	existing	2			220	\$0	\$5,808,000	\$5,808,000
retail	1	1		1	2,500	na	5	\$750,000	\$132,000	\$882,000
Kids Library	1	1		1	4,000	na	8	\$1,200,000	\$211,200	\$1,411,200
			Totals	4	63,000		420	\$18,900,000	\$11,088,000	\$29,988,000
Description	Building #	Phase	Floor Plate	Floors	Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
Residential Apartments	2	2	9,500	5 to 14	85,500	110	114	\$21,375,000	\$3,009,600	\$24,384,600
Retail / Galary	2	2		1	6,000	na		\$1,800,000	\$0	\$1,800,000
					91,500	110	114	\$22,875,000	\$3,009,600	\$26,184,600
Description	Building #	Phase	Floor Plate	Floors	Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
Fire Station	10	1	6,000	1 and 2	12,000	na	6	\$3,600,000	na	\$3,600,000
			Totals	2	12,000			\$3,000,000		\$3,600,000
Description	Building #	Phase	Floor Plate	Floors	Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
Residential Apartments	8	3	12,000	5 to 14	108,000	400	730	\$27,000,000	\$19,272,000	\$46,272,000
					108,000	400	730	\$27,000,000	\$19,272,000	\$46,272,000
Description	Building #	Phase	Floor Plate	Floors	Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
Residential Apartments	6	4	14,000	5 to 14	126,000	160	160	\$31,500,000	\$4,224,000	\$35,724,000
Retail / Galary	6	4		1	6,000	na		\$1,800,000	\$0	\$1,800,000
					132,000	160	160	\$33,000,000	\$4,224,000	\$37,524,000
Description	Building #	Phase	Floor Plate	Floors	Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
Residential Apartments	9	5	12,000	5 to 14	126,000	140	140	\$31,500,000	\$3,696,000	\$35,196,000
Retail / Galary	9	5		1	6,000		20	\$1,800,000	\$528,000	\$2,328,000
					132,000	140	160	\$33,000,000	\$4,224,000	\$37,524,000
Description					Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
Totals for City Development					538,500	810	1,584	137,775,000	41,817,600	181,092,600
Additional site to purchase First & Third										
Description	Building #	Phase	Floor Plate	Floors	Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
Residential Apartments	5	2	33,700	6 to 14	303,200	400	730	\$75,800,000	\$19,272,000	\$95,072,000
					303,200	400	730	\$75,800,000	\$19,272,000	\$95,072,000
Description					Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
Totals for City Development and First and Third					841,700	1,210	2,314	213,575,000	61,089,600	276,164,600

SECTION 4

Conceptual Development Plan & Timeline

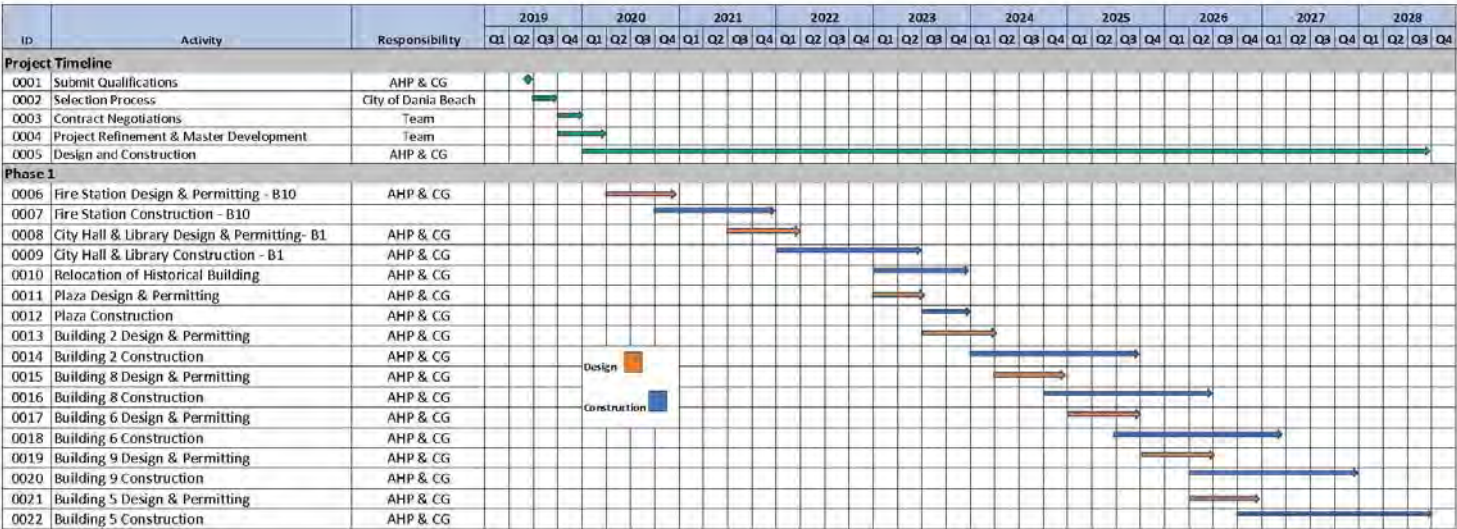
Creating a Destination

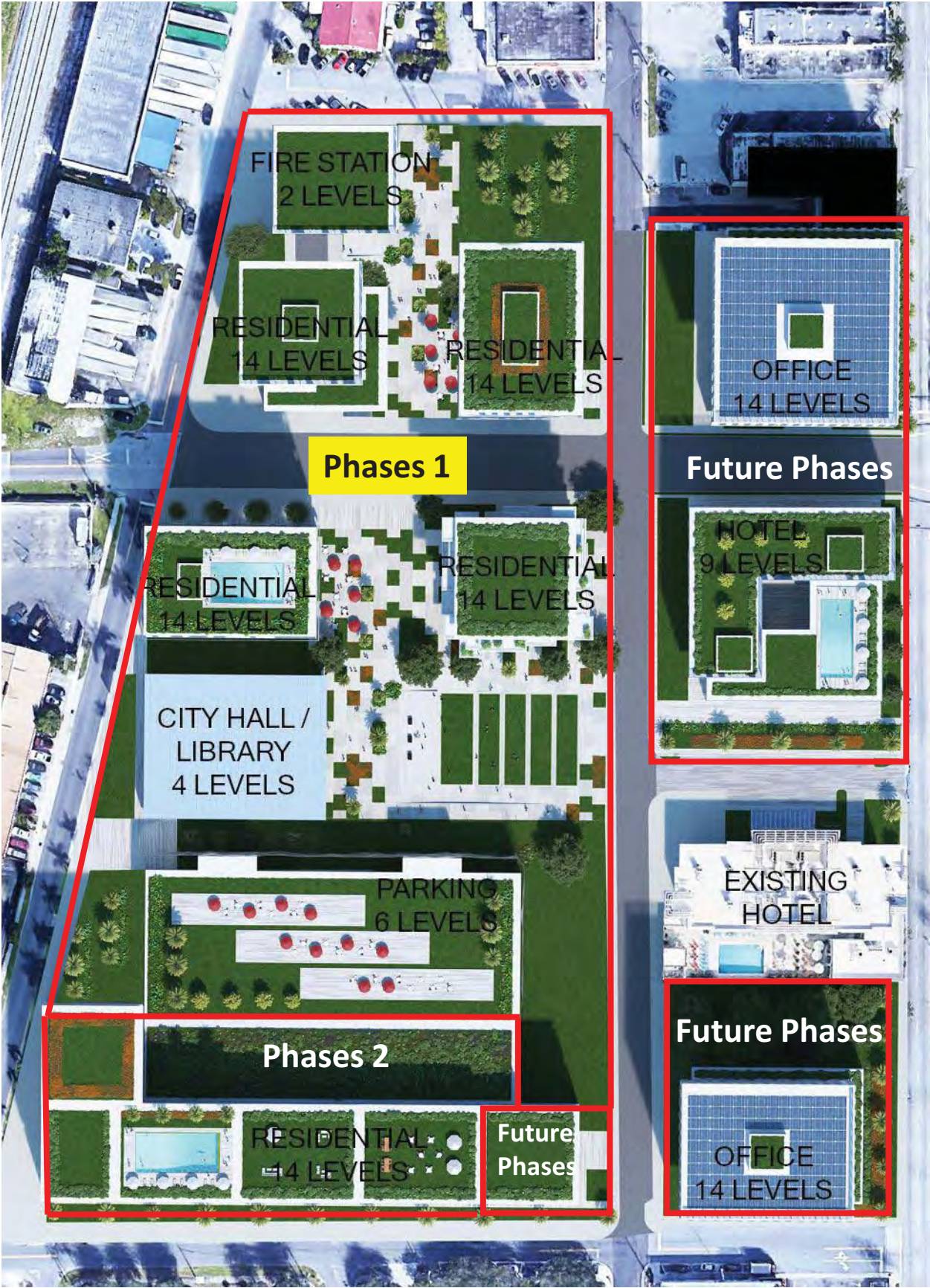
Conceptual Plan

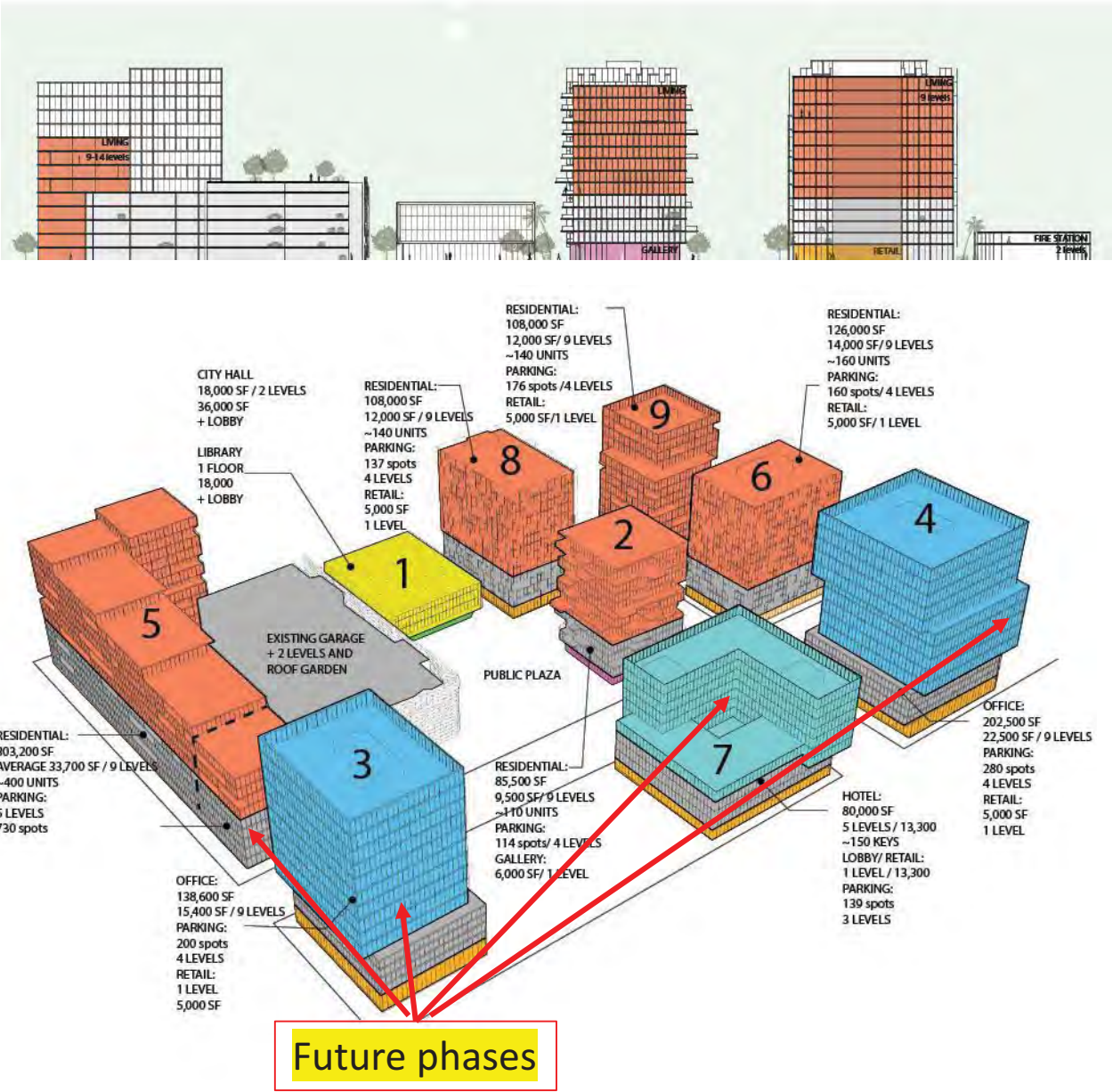


As people are increasingly turning to technology for their daily transactions, we are mandating designers to harness the principles of smart placemaking to shape mixed-use environments that offer more meaningful experiences. We're talking about the plazas, courtyards, passageways, sidewalks, and parks — the in-between spaces that serve as the connective fabric weaving together the threads of a city and its people. These spaces or voids may be the most difficult to quantify, but they matter the most, because that's where people gather and experience community. To us, these spaces are where a city's soul lives and where social interactions reside. This is place making for us, a live, work and play environment bringing cities to life, making them a destination.

Dania Beach Proposed Project Timeline







The proposed masterplan for The First at Dania Beach provides the city center with a new identity through activation and rejuvenation of its civic components. The development is centered around a public plaza defined by a variety of mixed-uses.

The new City Hall sits on the western end of the Plaza, having a direct visual presence from Federal Highway, as well as the Tri-Rail. Its "framed window" gesture towards the open space symbolizes the transparency of the government and its connectivity to its citizens. It also provides a visual terminus to the plaza through a picturesque reflection of the eastern horizon.



The Civic Plaza is designed to accommodate a variety of functions and events – from farmers markets and art fairs to concerts and city and national holiday celebrations. Activated by small to medium scale retail and food & beverage components located on the ground floors of the surrounding buildings, the open space is intended to be used to its maximum potential. Strategically placed landscape and water features provide natural cooling & permeability and help break down the scale of the open space. An integrated within the landscape amphitheater invites the public to enjoy a fresh air lunch on the lawn, family picnics or live music.



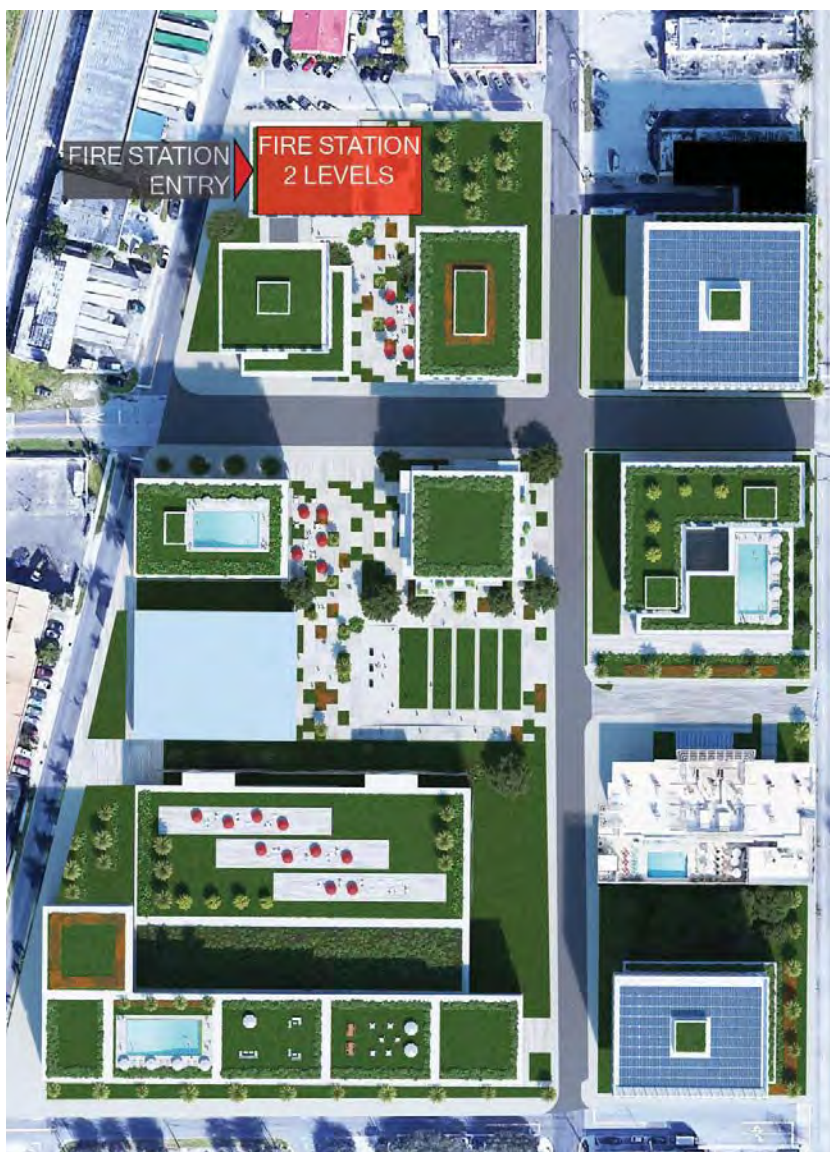
The Garage structure has been expanded not only vertically but also to the south to accommodate a large part of the required number of stalls. The northern entrance has been relocated to the east, removing any need for public vehicular traffic through the Plaza.



A new architectural screen covers all exterior walls of the Garage, successfully blending within the architectural context of the new development. Native and low maintenance vegetation around the Garage's perimeter reduces the heat island effect and provided a visual buffer between the pedestrian realm and the vehicular driven interiors.

The remaining components of the masterplan include a variety of residential and office buildings, as well as the new Fire Station. Supporting the true mixed-use nature of the proposed development, all buildings are intended to have individual expression, driven by their function, while still keeping their identity as a part of the master plan.

Community



Following review of all the information shared in the various meetings and charettes, we believe that the following components will be incorporated into our program:

- Permanent activities and animation on the plaza
- Shared office space for entrepreneurs
- Business incubator
- Create a national relocation program for freelancers to move to Dania Beach
- Put an accent on connectivity
- Activate the parc next to parking deck for exterior art expositions
- Use side streets for designated area for shared rides and promote public transportation
- Create an new image focusing on visionaries, entrepreneurs and artists
- Develop a home ownership incentive program for workforce housing
- Prepare for drones for people

- Lobby to get our train station in time
- Establish a trolley route and support
- A permanent art gallery / food Hall
- Promote our Accelerated Economic Development Program
- LeaseOwnership
- Develop the beach Café
- Incorporate micro apartments
- Incorporate live work units
- Offer affordable for sale and rent products







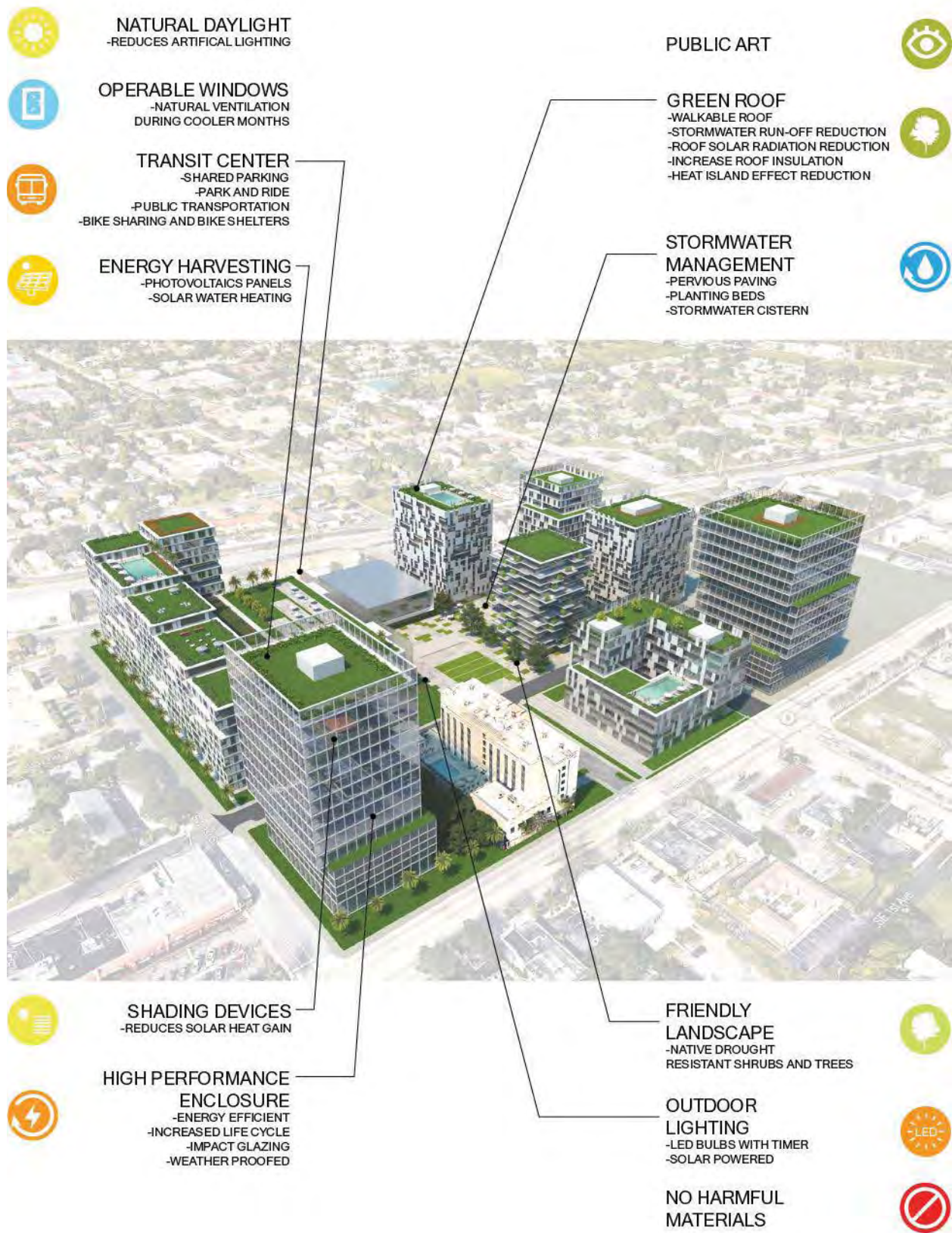


Micro Apartments











Plans to incorporate the neighborhood

Our Community development Partner

Synergy Community Development Center Inc. (Synergy Center) is a charitable 501 © (3) non-profit real estate organization committed to “building better neighborhoods.” It pursues this mission by engaging in real estate development including, home building and renovation, supervision and marketing activities to help individuals, families and military veterans achieve the goal of affordable home ownership in Palm Beach, Broward and Miami-Dade counties.

Synergy Center is committed to this project and the neighborhood around it. We plan on taking the responsibility to move the historical structure from the site to a site supplied by the city and operate our Broward Office from this new location while making the space available for various community groups and provide gathering space for all people of Dania Beach.

Plaza activities

Part of Synergy Center’s responsibility will be to coordinate and work with a group of professionals to generate the activities and desirability of the community to participate in events in and around the Plaza. Working with UniteUsGroup to help with branding, community activities and retail support will be a key factor to the success of the acclivities at the Plaza.

Connectivity

Synergy Center will work on establishing a trolley service with the CRA and link to the Beach Café on space provided via a lease from the city along the Dania beach to operate a link between the Town Center, the hotels and all other points of interest in Dania Beach.



- PRISM 2017: Modernista Model**
using SIP technology;
- 1. Best Energy Efficient Home
1,000 to 2,500 sf
 - 2. Best Innovative Green
Design Materials &
Resources



March 28, 2017 Recognition By City of Pompano Beach: “In appreciation of helping transform the City’s vision of unique, safe, and energy efficient affordable housing into a reality for the residents of Pompano Beach, Florida through the design and construction of the SIPA 2017 Building Excellence Award Winner Affordable Housing”.

SECTION 5

Financial Capability

AHH
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NYSE

CORPORATE OVERVIEW

NEARLY **4.5** MILLION RSF
AND NEARLY **1,600**
APARTMENT UNITS

EQUITY MARKET CAP
\$1.1B⁽¹⁾
as of 4/4/2019

FOCUSED ON THE MID-ATLANTIC AND SOUTHEAST

ADDED TO THE S&P
SMALLCAP 600 INDEX
as of 6/19/2017

96% WEIGHTED
AVERAGE OCCUPANCY

5.1% DIVIDEND YIELD
as of 4/4/2019

31% DIVIDEND GROWTH
RATE SINCE IPO

MANAGEMENT OWNS ~**16%** OF OUTSTANDING
SHARES & OP UNITS
as of 12/31/2018



Armada Hoffler Properties (NYSE: AHH) is a vertically-integrated, self-managed real estate investment trust that develops, builds, acquires, and manages high-quality office, retail, and multifamily properties located primarily in the Mid-Atlantic and Southeastern United States. In addition to developing and building properties for its own account, the company also provides development and general contracting services to third-party clients. The Company was founded by Daniel A. Hoffler in 1979 and is headquartered in Virginia Beach, VA.

(1) Includes Operating Partnership units and shares of common stock

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NYSE

PROVEN PERFORMANCE SINCE IPO

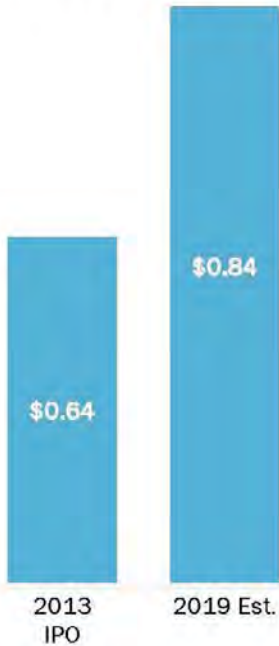
NAV per Share
Consensus⁽¹⁾
40% Growth



Normalized FFO
per Share
39% Growth



Common Stock
Dividends Per Share
31% Growth



(1) Source: Sell-side Research Analyst estimates

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NYSE

PROJECTS UNDER DEVELOPMENT

DEVELOPMENT PROJECTS ⁽¹⁾	PRODUCT TYPE	SIZE	DELIVERY ⁽²⁾	EXPECTED STABILIZATION ⁽²⁾	INVESTMENT ⁽²⁾
1405 Point ⁽³⁾⁽⁴⁾ Baltimore, MD	Multifamily	289 units	1Q18	4Q18	\$99M
One City Center ⁽⁶⁾ Durham, NC	Office	153,000 sf	3Q18	2Q19	\$46M
Premier Apartments & Retail Virginia Beach, VA	Mixed-Use	131 units/39,000 sf	3Q18	2Q19 & 1Q20	\$45M
Greenside ⁽⁵⁾⁽⁷⁾ Charlotte, NC	Multifamily	225 units	3Q18	4Q19	\$50M
Market at Mill Creek ⁽⁵⁾⁽⁷⁾ Mt. Pleasant, SC	Retail	73,000 sf	1Q19	2Q19	\$23M
Brooks Crossing ⁽⁵⁾⁽⁷⁾ Newport News, VA	Office	100,000 sf	2Q19	3Q19	\$20M
Hoffler Place ⁽⁵⁾ Charleston, SC	Multifamily	74 units/12,000 sf	3Q19	3Q19	\$48M
Summit Place ⁽⁵⁾ Charleston, SC	Multifamily	114 units	3Q19	3Q19	\$53M
Willis Wharf Baltimore, MD	Office	325,000 sf	1Q20	3Q20	\$119M
Nexton Square ⁽⁸⁾ Summerville, SC	Retail	135,000 sf	2Q19	2Q20	\$42M
TOTAL INVESTMENT					~ \$545M

(1) For or ownership structure, see page 17 & 18 of the 4Q18 Supplemental package

(2) Timing and investment amounts are estimates and subject to change as the development process demands.

(3) Mezzanine investments with two-phase 100% purchase option

(4) intend to purchase in 2Q19 under existing AHH option

(5) Majority Interest in joint venture

(6) Acquired in 1Q19

(7) AHH earns a preferred return on equity prior to any distributions to JV Partners

(8) Mezzanine investment with purchase option

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NYSE

MEZZANINE INVESTMENT PROGRAM

PROJECT	PRODUCT TYPE	LOCATION	PROJECTED TOTAL COST ⁽²⁾⁽³⁾	PROJECTED PRINCIPAL MEZZANINE FINANCING ⁽³⁾	PROJECTED TOTAL GROSS INTEREST INCOME ⁽³⁾⁽⁴⁾	PROJECTED CONSTRUCTION FEES ⁽³⁾	TOTAL PROJECTED AHH INCOME ⁽³⁾
<u>Intend to Exercise Discounted Purchase Option</u>							
1405 Point	Multifamily	Baltimore, MD	\$99M	\$25M	\$6M	\$2M	\$8M
Nexton Square	Retail	Summerville, SC	\$42M	\$20M	\$2.6M	\$0.4M	\$3M
<u>Short-Term Investment</u>							
Annapolis Junction	Multifamily	Howard County, MD	\$106M	\$37M	\$18M ⁽¹⁾	\$2M	\$20M
Solis Interlock	Multifamily	Atlanta, GA	\$94M	\$23M	\$10M	\$2M	\$12M
Interlock Commercial	Mixed-Use	Atlanta, GA	\$140M	\$65M	\$24M	\$3M	\$27M
North Decatur Square (Whole Foods)	Retail	Decatur, GA	\$39M	\$15M	\$5M	N/A	\$5M
Delray Plaza (Whole Foods)	Retail	Delray Beach, FL	\$25M	\$11M	\$3M	N/A	\$3M
Total Projected AHH Income							\$78M
Total Projected Mezzanine Interest Expense ⁽⁵⁾							\$(18)M
Total Projected Net Mezzanine Interest Income							\$60M

(1) Includes \$5M of Annapolis Junction purchase option proceeds
(2) Excludes mezzanine interest expense
(3) Timing, Investment, and Income amounts are estimates and subject to change as the development process demands
(4) Reflects projected pay off date that may be subject to change (page 14)
(5)Based on forward LIBOR curve

AHH
LISTED
NYSE

GENERAL CONTRACTING AND REAL ESTATE SERVICES

	2018	2019 Guidance Midpoint
Third-Party Construction and Development	\$2.7M	\$5.3M
Build-to-Suit Distribution Center Sale Profit-Sold Dec. 2018	\$3.4M	-
Annapolis Junction Apartments Option Sale Profit	\$0.5M	\$4.5M
Total	<u>\$6.6M</u>	<u>\$9.8M</u>



Interlock Commercial

Third-Party Construction Backlog	
As of 12/31/18	\$166M



PRESS RELEASE

ARMADA HOFFLER PROPERTIES REPORTS FIRST QUARTER 2019 RESULTS

Net Income of \$0.10 Per Diluted Share

Normalized FFO of \$0.27 Per Diluted Share

Reaffirmed 2019 Full-Year Normalized FFO Guidance

VIRGINIA BEACH, VA, May 2, 2019 – Armada Hoffer Properties, Inc. (NYSE:AHH) today announced its results for the quarter ended March 31, 2019 and provided an update on current events.

Highlights include:

- Net income of \$6.5 million, or \$0.10 per diluted share, for the quarter ended March 31, 2019 compared to net income of \$7.0 million, or \$0.11 per diluted share, for the quarter ended March 31, 2018.
- Normalized Funds From Operations (“FFO”) of \$18.5 million, or \$0.27 per diluted share, for the quarter ended March 31, 2019 compared to Normalized FFO of \$15.4 million, or \$0.25 per diluted share, for the quarter ended March 31, 2018.
- FFO of \$16.6 million, or \$0.25 per diluted share, for the quarter ended March 31, 2019 compared to FFO of \$16.3 million, or \$0.26 per diluted share, for the quarter ended March 31, 2018.
- The Company reaffirmed 2019 full-year Normalized FFO guidance of \$1.11 to \$1.17 per diluted share.
- Core operating property portfolio occupancy at 96.0% as of March 31, 2019 compared to 95.8% as of December 31, 2018.
- Same Store Net Operating Income (“NOP”) for the quarter ended March 31, 2019 increased 2.6% on a GAAP basis and 2.4% on a cash basis compared to the quarter ended March 31, 2018. Multifamily Same Store NOI for the quarter ended March 31, 2019 increased 9.0% on a GAAP basis and 8.0% on a cash basis compared to the quarter ended March 31, 2018.
- Positive releasing spreads on office renewals during the first quarter of 17.0% on a GAAP basis and 2.5% on a cash basis. Positive releasing spreads on retail renewals during the first quarter of 5.5% on a GAAP basis and 3.4% on a cash basis.
- Increased the first quarter 2019 cash dividend by 5% over the prior quarter's cash dividend to \$0.21 per common share. This marks the fifth increase in five years and represents cumulative growth of over 31%.
- Completed the acquisition and refinancing of the commercial office and retail components of our One City Center development project in downtown Durham, North Carolina from the joint venture partnership.
- Exercised our at-cost purchase option to acquire a 79% controlling interest in 1405 Point, the 17-story luxury high-rise apartment building located in the Harbor Point area of the Baltimore waterfront, in exchange for the Company's mezzanine loan investment and the assumption of existing debt.

- Agreed to acquire Red Mill Commons and Marketplace at Hilltop in exchange for 4.1 million Operating Partnership units each valued at \$15.55 per unit, the assumption of \$36 million of debt, and \$5 million in cash for aggregate consideration of \$105 million.
- Raised \$30.6 million of gross proceeds through our at-the-market equity offering program at an average price of \$14.78 per share during the quarter ended March 31, 2019.

"We are extremely optimistic about the company's prospects for the rest of 2019 as well as our ability to deliver on our promises over a multi-year timeframe," said Louis Haddad, President & CEO. "As the company's largest equity holder, management will continue to operate a business model that includes a variety of deal structures, OP unit acquisitions, and disposition of development projects, at cost options, and stable assets. As we look toward 2020 and the number of projects we intend to deliver and stabilize at that time, we feel strongly that our investors will continue to realize great value creation well into the future."

Financial Results

Net income for the first quarter decreased to \$6.5 million compared to \$7.0 million for the first quarter of 2018. The period-over-period change was primarily due to a \$2.4 million swing in the change in fair value of interest rate derivatives and a \$1.5 million increase in interest expense. This was partially offset by a \$3.1 million increase in interest income and an increase in property net operating income due to 2018 and 2019 property acquisitions and certain development projects coming online.

Normalized FFO for the first quarter increased to \$18.5 million compared to \$15.4 million for the first quarter of 2018. FFO for the first quarter increased to \$16.6 million compared to \$16.3 million for the first quarter of 2018. The period-over-period changes in Normalized FFO and FFO were positively impacted by property acquisitions, completion of development projects, and higher interest income. These increases in Normalized FFO and FFO were partially offset by increased interest expense.

Operating Performance

At the end of the first quarter, the Company's office, retail and multifamily core operating property portfolios were 94.9%, 96.1% and 97.2% occupied, respectively.

Total construction contract backlog was \$160.9 million at the end of the first quarter.

Balance Sheet and Financing Activity

As of March 31, 2019, the Company had \$744.1 million of total debt outstanding, including \$91.0 million outstanding under its revolving credit facility. Total debt outstanding excludes unamortized GAAP fair value adjustments and deferred financing costs. Approximately 56.8% of the Company's debt had fixed interest rates or was subject to interest rate swaps as of March 31, 2019. After considering LIBOR interest rate caps with strike prices at or below 250 basis points as of March 31, 2019, 97.1% of the Company's debt was either fixed or hedged.

There is no debt maturing during the remainder of 2019.

Outlook

The Company is reaffirming its 2019 full-year Normalized FFO guidance range of \$1.11 to \$1.17 per diluted share. The following table updates the Company's assumptions underpinning this forecast. The Company's executive management will provide further details regarding its 2019 earnings guidance during today's webcast and conference call.

Full-year 2019 Guidance ^[1]	Expected Ranges	
Total NOI	\$96.9M	\$97.7M
Construction Segment Gross Profit	\$4.9M	\$5.7M
G&A Expenses	\$11.0M	\$11.5M
Mezzanine Interest Income (Net of Interest Expense) ^{[2][3]}	\$15.2M	\$15.7M
Interest Expense (Net of Mezzanine Interest Expense) ^[3]	\$24.7M	\$25.7M
Normalized FFO per diluted share ^[4]	\$1.11	\$1.17

^[1] Includes the following assumptions:

- Acquired 79% partnership interest of 1405 Point apartments on April 25th, 2019.
- Sale of Lightfoot Marketplace, a Harris Teeter grocery-anchored shopping center with expected proceeds of approximately \$25 million in the third quarter of 2019.
- Acquisition of Red Mill Commons and Marketplace at Hilltop for \$105 million in the second quarter of 2019. Total consideration composed of 4.1 million Operating Partnership units each valued at \$15.55, assumed mortgage debt of \$36 million, and \$5 million in cash. The transaction is expected to add \$8.1 million of annual net operating income.
- Interest expense is calculated based on the Forward LIBOR Curve, which forecasts rates ending the year at 2.36%.
- Opportunistic sale of approximately \$50 million through the ATM program, for a full year weighted average share count of 72.3 million.

^[2] Includes \$4.5 million of Annapolis Junction purchase option proceeds.

^[3] Includes \$5.4 million of interest expense associated with funding the Company's mezzanine program.

^[4] Normalized FFO excludes certain items, including debt extinguishment losses, acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives, severance related costs, and other non-comparable items. See "Non-GAAP Financial Measures." The Company does not provide a reconciliation for its guidance range of Normalized FFO per diluted share to net income per diluted share, the most directly comparable forward-looking GAAP financial measure, because it is unable to provide a meaningful or accurate estimate of reconciling items and the information is not available without unreasonable effort as a result of the inherent difficulty of forecasting the timing and/or amounts of various items that would impact net income per diluted share. For the same reasons, the Company is unable to address the probable significance of the unavailable information and believes that providing a reconciliation for its guidance range of Normalized FFO per diluted share would imply a degree of precision for its forward-looking net income per diluted share that could be misleading to investors.

Supplemental Financial Information

Further details regarding operating results, properties and leasing statistics can be found in the Company's supplemental financial package available at www.ArmadaHoffler.com.

Webcast and Conference Call

The Company will host a webcast and conference call on Thursday, May 2, 2019 at 8:30 a.m. Eastern Time to review financial results and discuss recent events. The live webcast will be available through the Investors page of the Company's website, www.ArmadaHoffler.com. To participate in the call, please dial 877-407-3982 (domestic) or 201-493-6780 (international). A replay of the conference call will be available through Sunday, June 2, 2019 by dialing 844-512-2921 (domestic) or 412-317-6671 (international) and entering the pass code 13688835.

About Armada Hoffler Properties, Inc.

Armada Hoffler Properties, Inc. (NYSE: AHH) is a vertically-integrated, self-managed real estate investment trust ("REIT") with nearly four decades of experience developing, building, acquiring, and managing high-quality, institutional-grade office, retail, and multifamily properties located primarily in the Mid-Atlantic and Southeastern United States. The Company also provides general construction and development services to third-party clients, in

addition to developing and building properties to be placed in its stabilized portfolio. The Company has elected to be taxed as a REIT for U.S. federal income tax purposes.

Forward-Looking Statements

Certain matters within this press release are discussed using forward-looking language as specified in the Private Securities Litigation Reform Act of 1995, and, as such, may involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance to differ from those projected in the forward-looking statement. These forward-looking statements may include comments relating to the current and future performance of the Company's operating property portfolio, the Company's development pipeline, the Company's construction and development business, including backlog and timing of deliveries, financing activities, as well as acquisitions, dispositions and the Company's financial outlook and expectations. For a description of factors that may cause the Company's actual results or performance to differ from its forward-looking statements, please review the information under the heading "Risk Factors" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, and the other documents filed by the Company with the Securities and Exchange Commission from time to time.

Non-GAAP Financial Measures

The Company calculates FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("Nareit"). Nareit defines FFO as net income (loss) (calculated in accordance with GAAP), excluding depreciation and amortization related to real estate, gains or losses from the sale of certain real estate assets, gains and losses from change in control, and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity.

FFO is a supplemental non-GAAP financial measure. The Company uses FFO as a supplemental performance measure because it believes that FFO is beneficial to investors as a starting point in measuring the Company's operational performance. Specifically, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, which do not relate to or are not indicative of operating performance, FFO provides a performance measure that, when compared period-over-period, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare the Company's operating performance with that of other REITs.

However, because FFO excludes depreciation and amortization and captures neither the changes in the value of the Company's properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of the Company's properties, all of which have real economic effects and could materially impact the Company's results from operations, the utility of FFO as a measure of the Company's performance is limited. In addition, other equity REITs may not calculate FFO in accordance with the Nareit definition as the Company does, and, accordingly, the Company's FFO may not be comparable to such other REITs' FFO. Accordingly, FFO should be considered only as a supplement to net income as a measure of the Company's performance.

Management also believes that the computation of FFO in accordance with Nareit's definition includes certain items that are not indicative of the results provided by the Company's operating property portfolio and affect the comparability of the Company's period-over-period performance. Accordingly, management believes that Normalized FFO is a more useful performance measure that excludes certain items, including but not limited to, acquisition, development and other pursuit costs, gains or losses from the early extinguishment of debt, impairment of intangible assets and liabilities, mark-to-market adjustments for interest rate derivatives, severance related costs, and other non-comparable items.

For reference, as an aid in understanding the Company's computation of FFO and Normalized FFO, a reconciliation of net income calculated in accordance with GAAP to FFO and Normalized FFO has been included in the final page of this release.

ARMADA HOFFLER PROPERTIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	March 31, 2019 (Unaudited)	December 31, 2018
<u>ASSETS</u>		
Real estate investments:		
Income producing property	\$ 1,102,803	\$ 1,037,917
Held for development	2,994	2,994
Construction in progress	145,366	135,675
	1,251,163	1,176,586
Accumulated depreciation	(196,518)	(188,775)
Net real estate investments	1,054,645	987,811
Real estate investments held for sale	929	929
Cash and cash equivalents	15,577	21,254
Restricted cash	3,382	2,797
Accounts receivable, net	18,297	19,016
Notes receivable	152,172	138,683
Construction receivables, including retentions	17,784	16,154
Construction contract costs and estimated earnings in excess of billings	317	1,358
Equity method investments	—	22,203
Lease right-of-use assets	32,242	—
Other assets	63,909	55,177
Total Assets	\$ 1,359,254	\$ 1,265,382
<u>LIABILITIES AND EQUITY</u>		
Indebtedness, net	\$ 737,621	\$ 694,239
Accounts payable and accrued liabilities	15,904	15,217
Construction payables, including retentions	42,293	50,796
Billings in excess of construction contract costs and estimated earnings	3,622	3,037
Lease liabilities	41,697	—
Other liabilities	40,431	46,203
Total Liabilities	881,568	809,492
Total Equity	477,686	455,890
Total Liabilities and Equity	\$ 1,359,254	\$ 1,265,382

ARMADA HOFFLER PROPERTIES, INC.
CONDENSED CONSOLIDATED INCOME STATEMENTS
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2019	2018
	(Unaudited)	
Revenues		
Rental revenues	\$ 30,909	\$ 28,699
General contracting and real estate services revenues	17,036	23,050
Total revenues	47,945	51,749
Expenses		
Rental expenses	6,725	6,424
Real estate taxes	3,128	2,813
General contracting and real estate services expenses	16,286	22,414
Depreciation and amortization	9,904	9,278
General and administrative expenses	3,401	2,961
Acquisition, development and other pursuit costs	400	84
Total expenses	39,844	43,974
Operating income	8,101	7,775
Interest income	5,319	2,232
Interest expense	(5,886)	(4,373)
Equity in income of unconsolidated real estate entities	273	—
Change in fair value of interest rate derivatives	(1,463)	969
Other income	60	114
Income before taxes	6,404	6,717
Income tax benefit	110	266
Net income	6,514	6,983
Net income attributable to noncontrolling interests	(1,630)	(1,943)
Net income attributable to stockholders	\$ 4,884	\$ 5,040
Net income per diluted share and unit	\$ 0.10	\$ 0.11
Weighted average shares and units outstanding	67,919	62,538

ARMADA HOFFLER PROPERTIES, INC.
RECONCILIATION OF NET INCOME TO FFO & NORMALIZED FFO
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2019	2018
	(Unaudited)	
Net income	\$ 6,514	\$ 6,983
Depreciation and amortization ⁽¹⁾	10,129	9,278
Funds From Operations (FFO)	\$ 16,643	\$ 16,261
Acquisition, development and other pursuit costs	400	84
Change in fair value of interest rate derivatives	1,463	(969)
Normalized FFO	\$ 18,506	\$ 15,376
Net income per diluted share and unit	\$ 0.10	\$ 0.11
FFO per diluted share and unit	\$ 0.25	\$ 0.26
Normalized FFO per diluted share and unit	\$ 0.27	\$ 0.25
Weighted average common shares and units - diluted	67,919	62,538

(1) The adjustment for depreciation and amortization includes depreciation attributable to the Company's investment in One City Center from January 1, 2019 to March 14, 2019, which was an unconsolidated real estate investment during this period.

Contact:

Michael P. O'Hara
Armada Hoffer Properties, Inc.
Chief Financial Officer and Treasurer
Email: MOHara@ArmadaHoffler.com
Phone: (757) 366-6684

SECTION 6

Other Documentation, Deposit and Required Forms

DEPOSIT CHECK
(issued with original)

RFP 19-006 Questions to Proposers
Response from Armada Hoffler / Capital Group
July 29, 2019





July 29, 2019

Thomas L. Schneider, CMC, City Clerk
City of Dania Beach
100 West Dania Beach Boulevard
Dania Beach, FL 33004

Dear Mr. Schneider:

On behalf of Armada Hoffler Properties and Capital Group we hereby submit our responses to the Questions to the Proposers provided by the City regarding RFP 19-006. We are providing the (7) hard copies requested and have also included (1) electronic version on the thumb drive with each hard copy binder. The thumb drive contains the electronic version of the responses as well as other documents referenced in our response.

We thank you for the opportunity to be considered for this important project and we look forward to presenting to the City and the selection committee on Friday, August 2, 2019.

If you have any questions, please do not hesitate to contact us.

Sincerely,



Jonathan Morris

Chief Investment Officer

757.366.6694 Office

202.365.0955 Mobile

RFP 19-006 City Center Redevelopment Opportunity – Public Private Partnership

Draft: Questions for Proposers

1. Would you be willing to consider upsizing or downsizing the proposed project?

AH/CG Response: *The Armada Hoffler/ Capital Group (AH/CG) team is confident that this project can be scaled up or down as appropriate to both balance the demands of the market and the needs of all stakeholders involved. The design proposed by our team was developed with the concept of maximizing the density of the site to ensure the best return on investment for the City while creating a sense of real place and community for those that live and work in Dania Beach. Our team is confident that when selected a collaborative effort between all stakeholders will be undertaken to ensure that the project master plan is developed to ensure all socio and economic factors are considered. Our team is also cognizant that any Master Plan developed will be a living document that will require regular and thoughtful review and consideration over time with the flexibility to accommodate long term change and the dynamic factors that affect any development project.*

2. Where in the development process does City Hall move in?

AH/CG Response: *The Armada Hoffler/ Capital Group (AH/CG) approach to this development was to prioritize the needs of the City and municipal facilities needed by the City. The schedule sequence of the development was established with the goal of the Fire Station and the City Hall / Library /Women's Club and Chamber of Commerce buildings being the first facilities developed and constructed. Attached to this response is the Master Plan Development Schedule that shows the Fire Station, City Hall / Library /Women's Club and Chamber of Commerce Building and Public Plaza as the initial enabling projects. This approach will activate this development for the City and community of Dania Beach as early as possible irrespective of global or regional economic cycles which will ultimately drive the balance of the development. **It is important that the City consider that the AH/CG group proposal is the only proposal that included a financial structure that not only does not rely on any capital investment by the City to construct the Fire Station, City Hall / Library /Women's Club and Chamber of Commerce and Public Plaza, but also provides these public facilities first without any reliance on the financial model for the balance of the private site development. This guarantees that if AH/CG is selected the public needs are addressed and the City will be able to move into the new City Hall in 2022 regardless of market conditions or the ultimate scale that is eventually determined for the overall project.***

We have included in our response a thumb drive that contains a sequence video which further clarifies the sequence the development schedule shown on the next page of the response. This video can also be viewed by clicking the link below.

<https://1drv.ms/v/s!AphWzCsSywkugc8RstO1OqURA9nlsq?e=wlfPND>



ID	Activity	Responsibility	2019				2020				2021				2022				2023				2024				2025				2026				2027				2028			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Project Timeline																																										
0001	Submit Qualifications	AHP & CG																																								
0002	Selection Process	City of Dania Beach																																								
0003	Contract Negotiations	Team																																								
0004	Project Refinement & Master Development	Team																																								
0005	Design and Construction	AHP & CG																																								
Phase 1																																										
0006	Fire Station Design & Permitting - B10	AHP & CG																																								
0007	Fire Station Construction - B10	AHP & CG																																								
0008	City Hall & Library Design & Permitting- B1	AHP & CG																																								
0009	City Hall & Library Construction - B1	AHP & CG																																								
0010	Relocation of Historical Building	AHP & CG																																								
0011	Plaza Design & Permitting	AHP & CG																																								
0012	Plaza Construction	AHP & CG																																								
0013	Building 2 Residential / Retail - Design & Permitting	AHP & CG																																								
0014	Building 2 Residential / Retail - Construction	AHP & CG																																								
0015	Building 8 Residential / Retail - Design & Permitting	AHP & CG																																								
0016	Building 8 Residential / Retail - Construction	AHP & CG																																								
0017	Building 6 Residential / Retail - Design & Permitting	AHP & CG																																								
0018	Building 6 Residential / Retail - Construction	AHP & CG																																								
0019	Building 9 Residential / Retail - Design & Permitting	AHP & CG																																								
0020	Building 9 Residential / Retail - Construction	AHP & CG																																								
Phase 2																																										
0021	Building 5 Residential - Design & Permitting	AHP & CG																																								
0022	Building 5 Residential -Construction	AHP & CG																																								
Phase 3																																										
0023	Building 3 Commercial Office / Retail - Design & Permitting	AHP & CG																																								
0024	Building 3 Commercial Office / Retail Construction	AHP & CG																																								
0025	Building 4 Commercial Office / Retail Design & Permitting	AHP & CG																																								
0026	Building 4 Commercial Office / Retail Construction	AHP & CG																																								
0027	Building 7 Hotel - Design & Permitting	AHP & CG																																								
0028	Building 7 Hotel - Construction	AHP & CG																																								

3. Does City have to wait until developer is fully financed to begin on City property?

AH/CG Response: *No. The AH/CG has already secured private funding for the Fire Station, City Hall / Library and Plaza that is irrespective of any financing required for the overall master development. As described above in No.2 the municipal facilities are the first projects to get developed and will be done so irrespective of the balance of the private development. Below is an image of the 1st at Dania Beach development the City can expect the project to look like in 2022 with only the City municipal buildings complete at that time.*

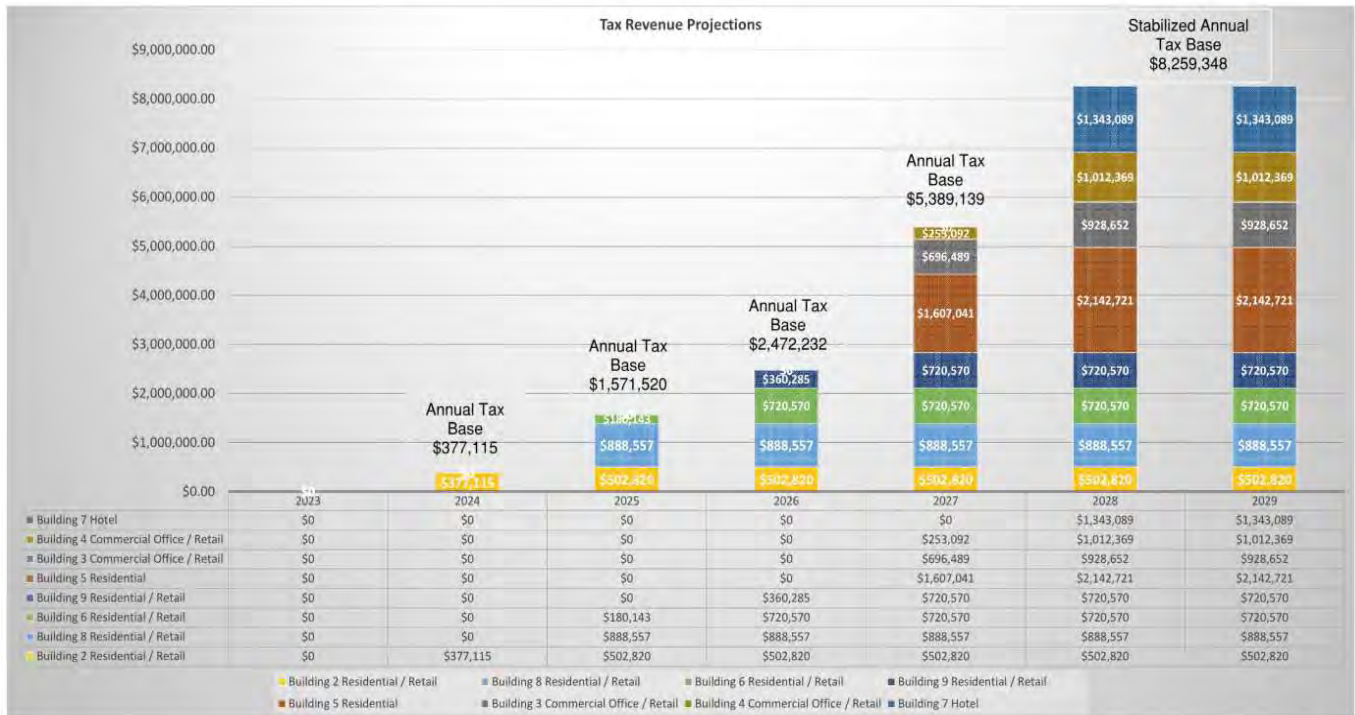


4. Would you be willing to extend the City lease term for City Hall beyond 20 years?

AH/CG Response: *Yes. The terms of the lease for the City Hall are negotiable and could be extended beyond 20 years subject to terms and conditions. AH/CG has already analyzed and vetted a financial model that would permit the lease to extend to 30 years.*

5. Provide estimate of property tax revenue to the City with corresponding timeline as to when those revenues are expected to be received. Be sure to include the tax year tax revenues are expected throughout the first 20 years of your development project.

AH/CG Response: *Below is a table which shows the estimated projected tax revenues for the development and the years in which they begin. We have also included a cumulative chart so the City can see what they look like as they build over time and the development is completed.*



6. Describe ways in which the City and Developer will share risk should City Hall be constructed at the beginning of the project.

AH/CG Response: *The AM/CG team's proposal included the construction of the City Hall / Library / Women's Club and Chamber of Commerce and Fire Station being the first project elements constructed at no risk to the City. AH/CG assumes all risk associated with developing and constructing the municipal and public facilities first including the plaza. This unique Public Private Partnership solutions proposed by AH/CG expedites the development of the government buildings with no risk to the City:*

- *Full programming, design and construction at no upfront cost to the city.*
- *Full Payment and performance bond to complete construction of the facilities.*
- *100% financing of the project by AH/CG team members.*
- *A below market lease rate offered to the city at a fix rate for up to 30 years*
- *A \$1 buyback of the property at the end of the 30year tax exempt lease or expiration of the matching land lease.*
- *No exposure to the City on cost overruns related to construction.*

7. To what extent, if at all, is the Proposal's success tied to a mobility element (rail, trolley, etc.)? If the anticipated mobility elements (rail, trolley, etc.) do not present themselves, what is the impact, if any, relative to the viability of the Proposal?

AH/CG Response: *The development plan as presented by the AH/CG team is not reliant on the rail or trolley stop. The design as proposed allows for the integration of any rail or trolley stop. It would be the intent of our team to support the City in any possible way to facilitate the rail stop being established. While not reliant, the development as proposed would certainly be enhanced by the addition of the public rail stop. This would include an increase in the public activated spaces proposed by the AH/CG plan as well as the desirability for companies and people to want to live, work and play at First at Dania Beach.*

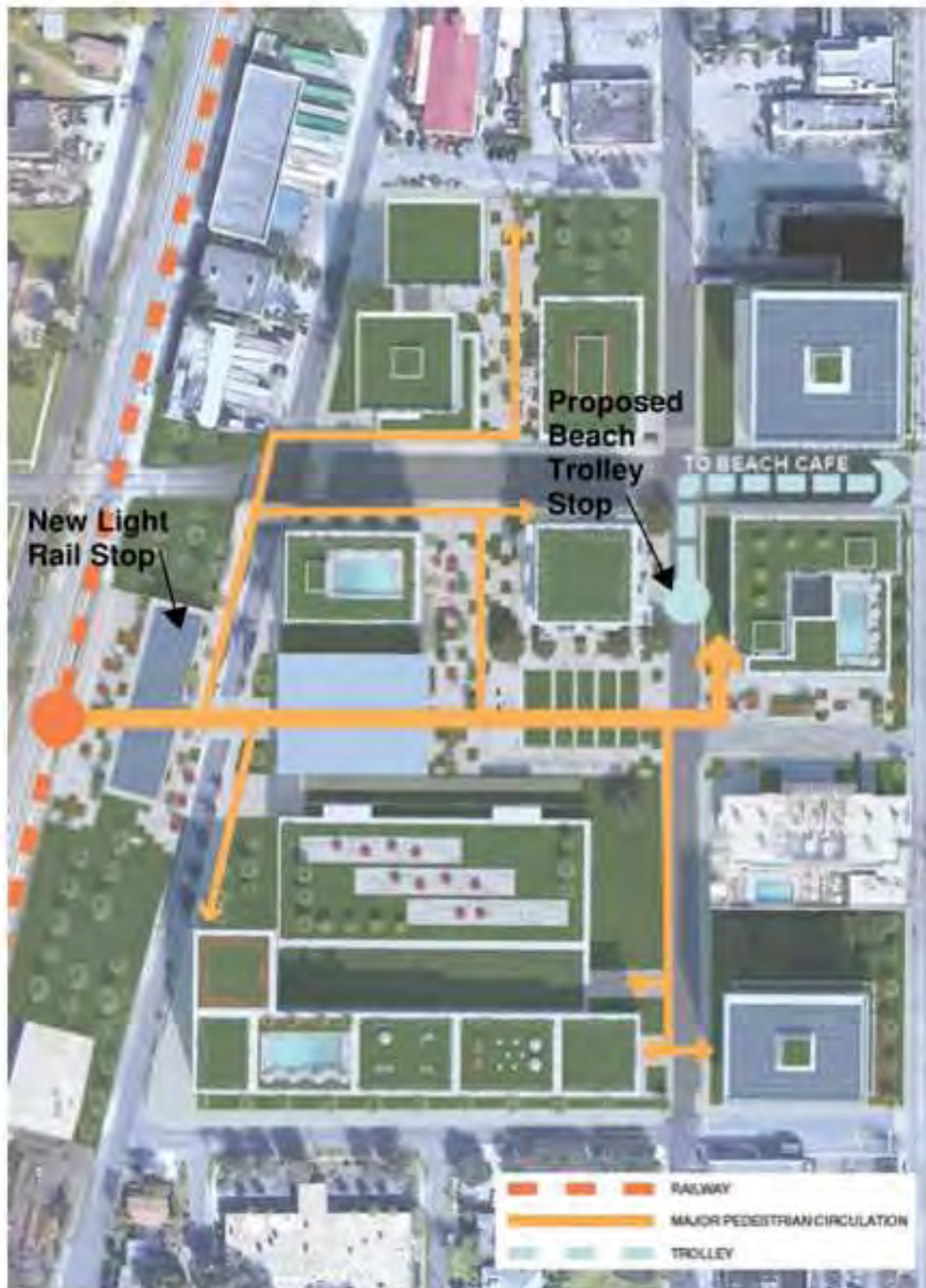
With regard to a trolley stop and the beach café proposed by AH/CG we offer the following clarifications. The trolley integration is specific to the Armada Hoffler /CG proposal and would be a private transportation system in collaboration with the CRA using some of the TIF funds to support or even expand the basic service that would be established by the master developer to provide connectivity between the new activated mixed-use development and the beach, Dania Point and potentially other points of interest to the community. This would serve to not just connect the new residents to the beach but also provide the opportunity for beach visitors and community to interact and enjoy the new development. Most importantly this is a powerful marketing tool for the commercial businesses and residential community that will eventually live, work and play in this new master development. The new beach café would be developed under the same model as the other municipal buildings on City owned land in this development proposal. The Café would be developed, built, owned and operated at no cost to the City by AH/CG. A land lease with the City would be negotiated for a 20-30-year term with options at market rate. Upon the expiration of the land lease the City would own the Café and could choose to run it themselves or lease it out to an operator. The attached plan shows the location of the proposed Café on the beach.

Please reference the connectivity drawings following this question response which shows the strategies and connected paths for integrating both the rail stop and the Beach café trolley into the proposed project.

In addition, we have provided clarification drawings on the location and connectivity to the Beach café shown presented in the original proposal.

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Transit Connectivity Concept



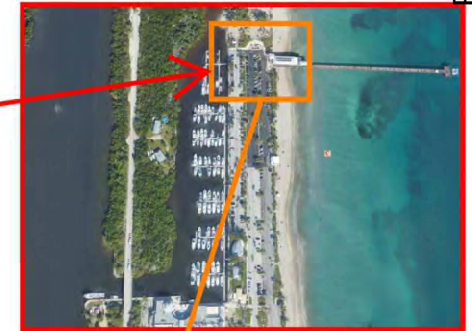
The pedestrian circulation paths indicated above establish clear connectivity between the rail and proposed trolley transportation modes. These circulation paths will be encouraged and established through the use of covered walkways and creative and artistically appropriate way finding signage.



Proposed Beach Cafe'

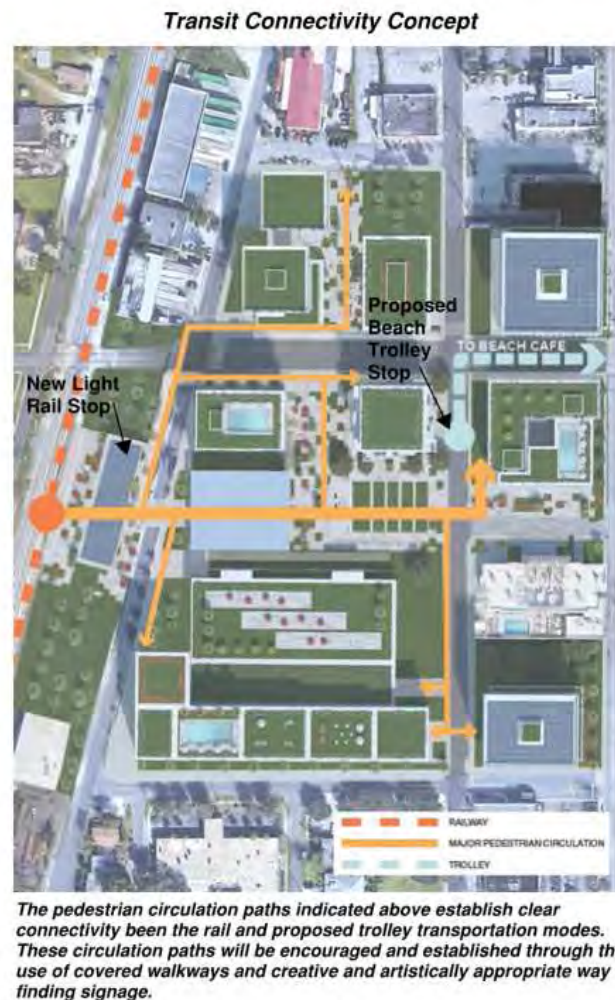


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8. Show specifically how your project integrates or connects, or could integrate or connect to a future light rail station at the corner of West Dania Beach Boulevard and SW 3rd Avenue.

AH/CG Response: *Please reference the attached sketches and connectivity drawings which show the integration of the potential future light rail station.*



9. Have you tested the market strength (office and commercial demand) and, if so, how and to what result?

AH/CG Response: *Yes. AH/CG has evaluated the market strength, residential, and commercial office and retail demand.*

- *We have verified the latest market data needed to evaluate the market strength and conditions and including the following review of Cushman & Wakefield 2019 South Florida Multifamily Forecast report, CBRE Florida Q1 2019 MarketView, Marcus & Millichap Office 2019 Q2 South East Florida Metros Market Report, Marcus & Millichap Retail 2019 Q2 South East Florida Metros Market Report and the Colliers Office Market report 2019. Using this data we have concluded that the market is ripe for our type of project and will remain strong. These reports helped us evaluate our pricing strategy to quickly absorb space in every category and enabled us to conclude we will be positioned in the affordable range of the target markets and priced at or below market.*
- *“South Florida has 107 million square feet of office space and an 11.4 percent vacancy rate, down from 12 percent in the first quarter of 2018,” said panel moderator Greg Martin. “The tri-county market absorbed about 120,000 square feet of new office space in the first quarter,” said Martin, a principal of Avison Young.*
- *We believe the key indicator to a stable market is absorption and finding ways to thrive during low or negative absorption periods. We believe we have overcome this serious issue through creative ability and the sharing perspectives. We believe it's better to own 70% of a full building than 100% of a 30% vacant building which most likely will not carry itself. We have the formula via 2 programs the company has developed Accelerated Economic Development Program™ and LeaseOwnership™ that provide us with a competitive advantage.*
- *Whatever the market absorption maybe from year to year it is fair to say the most economical and best space will be first to be absorbed especially when you have a live work play environment, class A space that is almost 30% lower than the closest competitor, it will be first to be leased. Upon selection AH/CG will present our analysis and tools to overcome economic slowdowns and insure we are first to lease in any economic environment.*

10. How does your Proposal stand out in terms of being better for the Dania Beach Community than the other two Proposals?

AH/CG Response: *The AH/CG proposal stands out in many ways as being better than the other two proposal for both the community of Dania Beach and the City. Below is a list of just the highlights and primary reasons the Armada Hoffer / CG proposal is superior:*

1. **The AH/CG proposal is the only proposal that provides 100% financing with no capital outlay by the City with no risk.** *The other proposals require the City to identify and build new locations for the fire station, the Women’s Club and the Chamber of commerce outside of the development. The other proposals clarify and stipulate conditions by which proceeding with different phases places risk on the City. The City is likely to be in a position that the development will not be completed without significant expense by the City. **The AH / CG proposal retains all municipal programs and services that exist in the development site today***

in the new development plan and the City will have no capital expenses related to facilities for those services.

2. *The AH/CG proposal presents project Financing which is not dependent on banks but rather the financial strength of Armada Hoffler evidenced by the audited financial statements provided identify private equity that has already committed to supporting the project therefore ensuring that market risk or bank conditions or even failures do not affect the execution of the project. Below is a link to Armada Hofflers public audited financials for 2016-2019 First Quarter illustrating their tremendous financial strength and stability as a public REIT and developer. We have also provided a copy on the thumb drive submitted with each copy of the these responses.*

<https://1drv.ms/f/s!AphWzCsSywkugc8sVkiXKIfWatlnEw>

3. *The AH/CG proposal provides fixed lease rate to the City for 30 years and the City will own the building outright at the end the lease. The lease rate will be offered to the City at approximately **50% less** than the lease rates identified by the other proposer offering similar structures. The other proposals submitted offer no information on the lease rates and intent to negotiate the rates after selection. This could lead to a situation where the City and the developer are unable to agree on terms which causes the project to be canceled and setting the City back years on the objectives of this development.*
4. *The AM /CG proposal is based on the premise that at the end if the 20-30 year lease for the municipal buildings, the City will not just have retained ownership of the land but will own the municipal buildings free and clear of any debt. One of the proposals presents a development strategy that would be a perpetual lease for the City Hall in which the City will never own a City Hall Municipal Building and the City would need to expend significant capital expense to build and own a City Hall.*
5. *The AH/CG proposal includes a land acquisition component that involves the developer purchasing land at the appraised value providing the opportunity for the City to generate revenue beyond land leases and increase tax base. The other proposals present long-term lease rates for land that equate to lower present and future land values. These values appear well below the current provided appraised land value by the City.*
6. *The AH/CG proposal includes all costs for demo and relocation of the historic building in the development financial model while other proposals exclude those costs and defer them to the City.*
7. *The AH/CG proposal includes maintaining uninterrupted use of the existing City Hall, fire station, the Women's Club and the Chamber of commerce until the turnover of the new*

municipal facilities. Other proposals add additional layers of complications by presenting that the City must find or consider temporary accommodations and for some like the Fire Station, Women's Club and Chamber of Commerce permanently relocate these three services and entities at the City's cost.

- 8. The deal we provide delivers a new fire station next to the existing fire station with no capital investment from the City on City Owned land. Other proposal relocates the Fire Station to an undetermined site and require the City to fund the construction and pay undetermined fees to build a new fire station off site.*
- 9. **The AH/CG team is the only development team that has proposed on this project that has actually developed a city center anchored by municipal building and activated public spaces as demonstrated with Virginia Beach Town Center example presented in the proposal.** Other proposals which have been submitted do not show project experience of this size and complexity, have not acted as developers of master developments in the United States, and have not developed large mixed-use developments encompassing public facilities, hotels, commercial office and residential properties.*



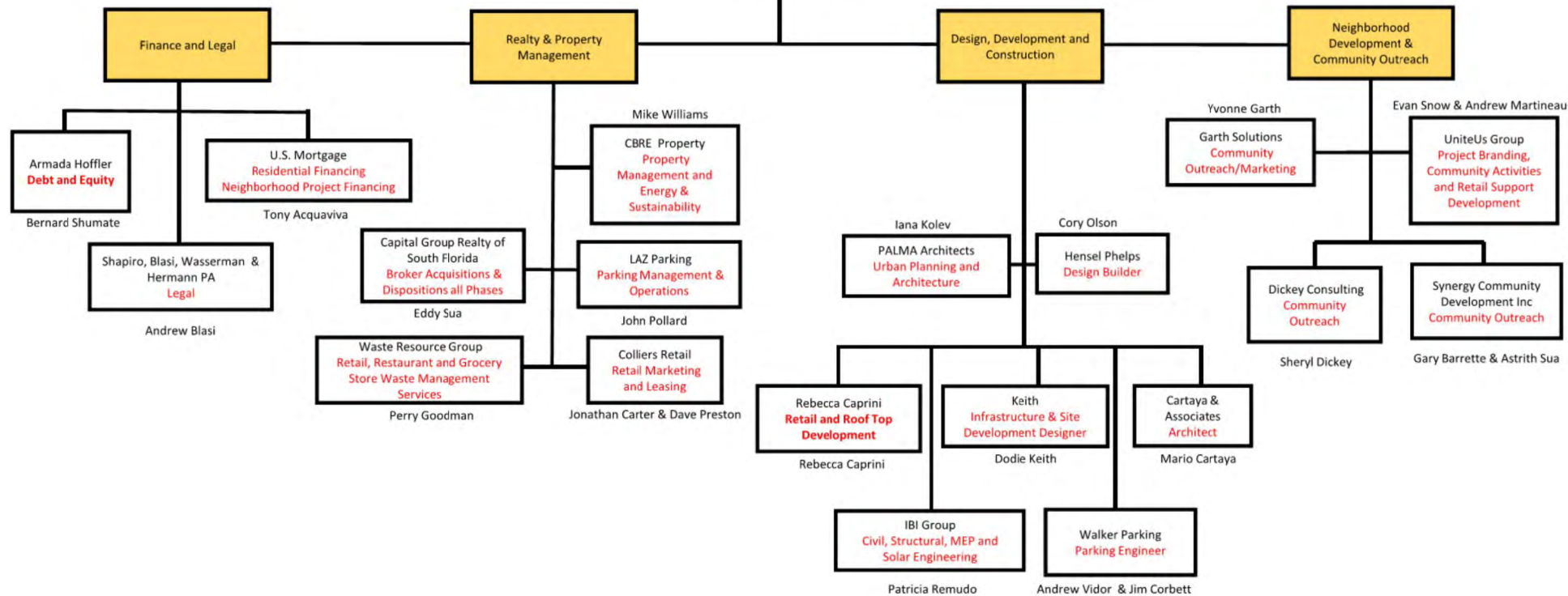
- 10. The AH/CG has assembled a team of the most qualified professionals in each aspect of the development process. This includes experts in not just development but also in community engagement and retail to ensure the activation of the public plaza and spaces. No one organization possesses the internal expertise to bring the best talent from within at every level of a project and a development of this size and magnitude requires the resources of a large experienced team that has demonstrated past success. As part of this response we provided a larger copy of the proposed organizational chart included in the AH / CG proposal.*



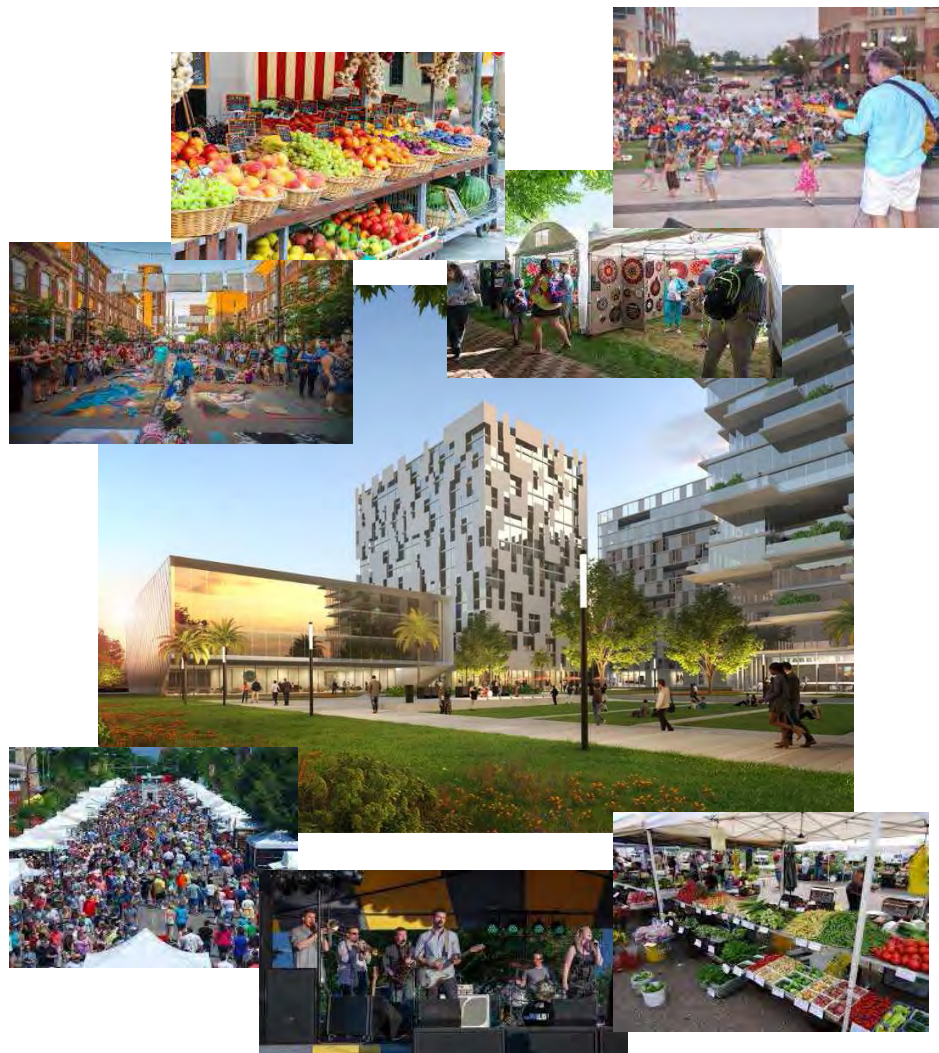
The First At Dania Beach



Amada Hoffer / Properties Capital Group P3
Master Developer, LLC
Richard Cohen - Project Executive
Bernard Shumate Mario Caprini



11. AH/CG have a committed primary local construction partner in Hensel Phelps that has current contract revenues to bill (backlog) in excess of \$7 billion. All of the remaining contract revenues which require bonding are bonded by the largest Insurance and Bonding company in the world. Travelers has provided in the past commitments to provide Hensel Phelps a single project bond of \$1 billion demonstrating enormous financial strength and stability of the organization and its ability to perform consistently. **All projects constructed in this development will have 100% Payment and Performance bond ensuring completion of the project to a high-quality level on time.** Additional builders will be utilized on the project to balance resources to include Armada Hoffler Construction group.
12. The AH / CG plan creates a sense of place through the establishment of plaza areas and parks and locates the City hall in the center of the public space. The other proposals do not create a substantial activated public destination and one proposal places City Hall is part of a commercial office building/ residential building that has no central plaza or real activated space.



13. The AH/CG plan creates a dense urban development while having more open and green space, approximately 45%, which is more than any other proposal. Most importantly, the AH/CG plan accomplished every objective identified in the Planning Charrettes held by the City and provided to the proposers. The other proposers have presented plans which incorporate very few of the concepts the City and Community outlined as desired elements for this development through the Charrettes held by the City. The drawing below highlights the greenspace



14. The AH/CG proposal integrates parking for the new development into the new buildings maximizing the public space and utilizing the development of the land efficiently and effectively facilitating an environment that will cultivate frequent community events. The other two proposals present surface parking lots that are not efficient and do not utilize the effective value of the land for the City. In the other proposals it is unclear who will maintain the new parking lots, who will own them and if there is a cost for the public to use them. This could create an undo and undefined cost and management burden on the City.
15. The AH/CG proposal Implements proposes to work with the City to offer at or below market rate workforce housing by not incorporating land value in rental or purchase prices. This passes through the land cost savings to the residents who will live, work and play in this new development and community. Equally as important is that housing will be available at more

affordable prices and enables us to contribute to addressing the serious housing crisis in Florida.

- 16. The AH/CG team members have already considered additional land acquisition and have made offers on several properties along Federal Highway. In addition to those independent landowners, the AH/CG has discussed with Colliers as the listing agent to position ourselves to secure an agreement on the property at reasonable terms with the 1st and Third at Dania Beach.*
 - 17. The AH/CG development plan is based on the current market strategies for economic development which incorporates the commercial based products including the commercial office component that ultimately drives the need for residential growth of the live, work play environment and higher paying jobs.*
 - 18. The AH/CG development plan is based on the current market strategies for incorporating smaller footprints and price points including Micro-Unit Apartments into the residential elements to suit the demands of the current market and attract the millennials which make up the majority of the commercial workforce that this type of development will need to attract. The other proposers are planning a significant number of 2- and 3-bedroom apartments. Based on the reports this will not fully or properly satisfy the market demand of the current and ever-growing majority in the work force. This will hinder the ability of the development to attract companies that want to do business there because it will not be a desirable place for their employees.*
11. Detail the cost of a “typical” new, same-size City Hall building, using construction estimates from a 1) reliable construction estimator, 2) service or software system (i.e. RS Means), or 3) comparable comparisons from similar City Hall Buildings in Florida. Distinguish costs for shell, parking and FFE (furniture, fixtures and equipment).

AH/CG Response: *At this stage of a project it is not practical to provide a detailed cost estimate for the City Hall project. No specific programing or design has been done in collaboration with the City. However, AH/CG believes that utilizing historical costs of actual projects constructed in the South Florida market as well as historical cost models is the best way to manage the proforma costs and predict the actual costs of construction for any given project. The City should keep in mind that the cost per sq. ft. presented in the AH/CG proposal represents full development costs not just the cost of construction. These costs include a tenant build out allowance of \$30 / sq. ft. and includes no allowances for owner supplied furniture and equipment. Since these buildings will be leased to the City and managed by a property management firm and all building core fixtures and equipment required for the building to functionally operate will be provided. Our team has compared (12) separate projects cost models from 3 different builders to determine the cost per square foot of construction included in the our proformas. These projects include the construction of (3) fire stations and (4) City*

Hall / Library projects in South Florida market. This analysis validates a cost per sq. ft. of construction for the City Hall / Library / Women's Center and Chamber of Commerce building at \$320 / sf. This value has been reflected in the updated proforma we have done for this element of the development.

12. Detail the cost of a "typical" new, same-size Library building, using construction estimates from a 1) reliable construction estimator, 2) service or software system (i.e. RS Means), or 3) comparable comparisons from similar new Libraries in Florida. Distinguish costs for shell, parking and FFE (furniture, fixtures and equipment).

AH/CG Response: *Please reference response to question No 11 above. We have no separate Library building on the project as it is combined with the City Hall / Chamber of Commerce and Women's Club along with a planned café.*

13. Why is the cost of the municipal building — new City Hall and Library — so expensive (in 2 proposals over \$400 per sf)?

AH/CG Response: *The cost per sq. ft. presented in the AH/CG proposal represent full development not just the cost of construction. The AH/CG design presented was developed in the spirit of the themes which came out of the City Panning Charrettes to provide a new image or reinvent the city center and bring new iconic architecture to the City of Dania Beach. Our team believes it was vital to present and analyze the project from that perspective both aesthetically and finically to ensure the development was viable at any scale or iconic degree. The City hall concept design was done in concert with that consideration and approach which drove the initial conservative cost model. The City Hall can be designed and constructed at a lower cost per sq. ft. The strategy of our team will be to design and construct a City Hall / Library at a cost driven by a target lease rate that is most advantageous to the City at the highest possible value and quality that can be delivered. Please reference the response to questions 11 and 12.*

14. In your plan, is there a less expensive alternative for the municipal building (City Hall and Library), such as including them in a more standard office building on site, and leasing the needed floors.

AH/CG Response: *There are many options for the municipal buildings to be reduced in cost and consequently lower lease rates for the City. It is important to keep in mind that until planning and collaboration meeting are held with the City and all stakeholders the lease rate is based on a conceptual design done by our development team. The strategy of our team will be to design and construct a City Hall / Library, Women's Club, Chamber of Commerce at a cost driven by a target lease rate that is most advantageous to the City at the highest possible value and quality that can be delivered.*

It is certainly a feasible strategy from a concept perspective to develop a commercial office building that is then partially leased based on the space needs of the City, but it is not the right solution for the City. First and most importantly are the economics of the financial model. The incorporation of a City Hall into a commercial office building will increase the cost of providing a City Hall to Dania Beach by

approximately 25%. The financing model for a commercial office building development typically requires a minimum of a 15% return on investment for any equity investor and debt financing would be substantially higher than the rate of financing the model proposed by the Armada Hoffer / CG team. Consequently, any lease rate developed from those higher costs would be passed on to the City every year for 30 years. Beyond the financial component our design and development team believe that having a stand-alone City Hall / Library as a central element of the development is vital to creating a strong activated public space and a destination that becomes a place of gathering for both the community and visitors alike.

15. How and where is the approximately \$12 Million value for the City's land being applied to the project? i.e: is it being used to discount the cost of the City Hall/Municipal building(s), or to the private development? Please show specifically how the value of the land is being used.

AH/CG Response: *AM /CG recognize and accepts the land valuation provided by the City of \$12.3MM which equates to \$43.99 per square foot of land and believe that the City is entitled to receive the benefit of the fair market value for their land presented in the offering. AH/CG intends to purchase the land needed to develop the various private buildings of the project at this price based on a square foot of land needed for each pad. Any land where municipal buildings will be developed will involve a land lease with the City. The City will retain full ownership of the land. Upon completion of the negotiated lease the City will then own the land and the buildings.*

16. Is the total cost proposed a total of all development phases? Show the total cost of the entire development proposal.

AH/CG Response: *The total cost of the entire development in all three phases is \$634,230,000. This value combines the City owned parcels and other parcels planned for future development. Below is a complete breakdown of the project cost by building and phase.*

This Space Intentionally Left Blank

Description	Building #	Phase	Floor Plate	Floors	Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
City Hall	1	1	18,000	3 and 4	36,000	na	72	\$10,800,000	\$0	\$10,800,000
Library	1	1		2	18,000	na	36	\$5,400,000	\$0	\$5,400,000
Lobby / visitors	1	1		1	2,500	na	319	\$750,000	\$0	\$750,000
Additional Parking to existing	1	1	existing	2			220		\$5,808,000	\$5,808,000
retail	1	1		1	2,500	na	5	\$750,000	\$0	\$750,000
Kids Library	1	1		1	4,000	na	8	\$1,200,000	\$0	\$1,200,000
			Totals	4	63,000		860	\$18,900,000	\$5,808,000	\$24,708,000
Residential Apartments	2	1	9,500	5 to 14	85,500	110	114	\$21,375,000	\$3,009,600	\$24,384,600
Retail / Gallery	3	1		1	6,000	na		\$1,800,000	\$0	\$1,800,000
					91,500	110	114	\$22,875,000	\$3,009,600	\$26,184,600
Fire Station	10	1	6,000	1 and 2	12,000	na	6	\$3,600,000	na	\$3,600,000
			Totals	2	11,000			\$3,000,000		\$3,600,000
Office or Residential Apartments	8	1	12,000	5 to 14	108,000	400	730	\$27,000,000	\$19,272,000	\$46,272,000
					108,000	400	730	\$27,000,000	\$19,272,000	\$46,272,000
Residential Apartments	6	1	14,000	5 to 14	126,000	160	160	\$31,500,000	\$4,224,000	\$35,724,000
Retail / Gallery	6	1		1	6,000	na		\$1,800,000	\$0	\$1,800,000
					132,000	160	160	\$33,000,000	\$4,224,000	\$37,524,000
Residential Apartments	9	1	12,000	5 to 14	126,000	140	140	\$31,500,000	\$3,696,000	\$35,196,000
Retail / Gallery	9	1		1	6,000		20	\$1,800,000	\$528,000	\$2,328,000
					132,000	140	160	\$33,000,000	\$4,224,000	\$37,524,000
Totals for Development on City Owned Land Phase 1					538,500	810	1,824	137,775,000	36,537,600	175,812,600
Additional Site to Purchase First & Third										
Description	Building #	Phase	Floor Plate	Floors	Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
Residential Apartments	5 & 5B	2	46,700	6 to 14	355,200	470	863	\$88,800,000	\$22,783,200	\$111,583,200
					355,200	470	863	\$88,800,000	\$22,783,200	\$111,583,200
Totals for Additional Site to be Purchases First & Third					355,200	470	863	88,800,000	22,783,200	111,583,200
All Future Phases: Hotel and Office										
Description	Building #	Phase	Floor Plate	Floors	Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
Office	3	3	15,400	5 to 14	138,600	na	200	\$41,580,000	\$5,280,000	\$46,860,000
Retail	3	3		1	5,000			\$1,500,000	\$0	\$1,500,000
					143,600	0	200	\$35,900,000	\$5,280,000	\$48,360,000
Hotel	7	3	13,300	5 to 10	80,000	150	139	\$45,060,000	\$3,669,600	\$48,729,600
Retail	7	3		1	13,300			\$3,990,000	\$0	\$3,990,000
					93,300	150	139	\$49,050,000	\$3,669,600	\$52,719,600
Office	8	3	22,500	5 to 14	202,500	na	280	\$60,750,000	\$7,392,000	\$68,142,000
Retail grocery store	8	3		1	6,000			\$1,800,000	\$0	\$1,800,000
					208,500	0	280	\$62,550,000	\$7,392,000	\$69,942,000
Totals for All Future Phases: Hotel and Office					445,400	150	619	\$147,500,000	\$16,341,600	\$171,821,600
Description					Approximate Size	Number of Units	Parking	Approximate Building Costs	Parking Costs	Total Costs
Totals for All Potential phases					1,877,600	2240	5180	\$611,850,000	\$112,200,000	\$634,230,000

17. What rental rates are you proposing for the residential portion of the Project?

AH/CG Response: We expect rental rates of all of the residential units excluding subsidized units to be between \$1.99 PSF to \$2.50 PSF. These represent very competitive rental rates which also mirror the rates expected for workforce housing tenants. This makes the rentals very desirable for all perspective tenants. In addition to workforce housing approximately 20% of the units will be considered for subsidized housing through the utilization of a 4% passive activity bond financing program for the development. This financing program will allow us to reduce the rental costs compared to regular financing ratios and the savings are passed on directly to the tenants which translates into an approximate 30% savings on rental rates. By way of example, a unit which traditional rents for \$1,200

would now rent for \$840 a month utilizing this financial model. The specific location or unit sizes are to be determined by the final plan that will be approved.

18. Please detail the number of workforce housing units will be included in your plan, and what type of financing (if any) you will need to develop these units. Detail the number, size, and bedrooms of your proposed workforce affordable units. Workforce housing is defined as units affordable to households earning 80 to 140 percent of the Area Median Income.

AH/CG Response: *We anticipate all of the units within the development to be within market rate workforce housing based on up to 140% of median income.* In addition to workforce housing approximately 20% of the 810 units or 162 units will be considered for subsidized housing through the utilization of a 4% passive activity bond financing program for the development. This financing program will allow us to reduce the rental costs compared to regular financing ratios and the savings are passed on directly to the tenants which translates into an approximate 30% savings on rental rates. The majority of the demand to satisfy this segment of the population is micro apartments, studios, one bedroom, one bedroom with a den, two bedroom and two bedrooms with a den. By attracting the right residents and potential employees, we give the higher paying companies that are searching for employees the reason to move their businesses to this new development.

Real Median Household Income for Broward County Florida as of 2017 is \$56,842 and the real mean family income for Broward County is \$70,391. New figures will be released in September of 2019 which are expected to increase. Our highest cost units will be around \$2.50psf for micro units and they will be round 450 to 550 sf per unit. If we average 500 sf per unit at \$2.50psf then the rent will be \$1250 per month or \$15,000 per year. This translates to +/26% of median income. The larger units most likely will be less per square foot of space. Our goal is to have 100% of market rate residential products fitting which fall under 140% of median income. This approach allows all project stakeholders to make a strong contribution towards addressing the housing crisis in Florida while attracting higher paying jobs.

19. Provide the same details for affordable and market rate units if these are to be included.

AH/CG Response: *Please reference the response above to question 18.*

20. If you need incentives for density from City, please describe.

AH/CG Response: *The Offering Memorandum, as issued by the City of Dania Beach, notes on page 4 a development potential on City land of 1.4 Million SF at 14 stories max. height and max. of 950 units. Our proposal includes 1.23 Million SF with a planned total of 810 units which while below the development potential identified by the City, we still anticipate needing some regulatory incentives.*

The team will work with the City and achieve required density incentives by evaluation of all potential routes. In accordance with the City Zoning Ordinances involving incentives our design incorporates incentives as core components of our proposed master plan. We provide significant public open space and public parking as well as incorporating sustainable building practices and attainable housing programs. Our team is also open to review and discuss potentially allocating funds to the City's Public

Parks program. Ultimately the incentives required and incorporated into the project will be based on a collaborate and interactive process between the developer and the City.

21. Detail a simple economic impact analysis, including, at minimum: total construction and development spending, increase in total household spending in the City, direct temporary and permanent jobs created, increase in household revenue, indirect (secondary and tertiary spin-off) jobs created, and increases in total public revenues, especially City tax revenues, generated by the full development of your Project.

AH/CG Response: *To fully answer this question relating to economic impact would require a thorough and complete economic impact study which is not practical based on time and cost expenditure to accomplish this during the RFP stage. Considering that our development plan is preliminary, we recommend completing this once we have been selected and the development plan has gone through significant vetting and revisions based upon input from both the City and the community. This will ensure that the stakeholders have all contributed and the economic impact study would then reflect more what is intended to be developed.*

The estimated increased tax income generated from the city portion of the development can be upwards of \$2.8 million a year once completed as well as targeting accommodations for higher paying jobs which will increase the household revenue averages. The additional development phases would more than triple the project value of the project up to \$634 million and increase that tax income to \$8.3 million a year once completed. Our project is substantially denser than any other proposers and our team has developed the strategies and tools in place to absorb more space and at a faster pace. Our approach targets the types of companies, the residents, potential residents and what the City of Dania Beach is looking for in changing its image and increasing the median income per capita as stated in the charrette provided by the City. Our calculations are based on pure mathematics and sound business assumptions, creativity and common sense.

Construction jobs are calculated using economic input-output models, such as RIMS II and IMPLAN, which use financial inputs and outputs to generate a final demand multiplier that is then used to determine job creation from spending. Generally, these models produce estimates ranging from 10 and 15 jobs for every \$1 million in construction spend. Therefore, on the city portion of the development alone, we estimate the construction costs to be around \$135MM which translates into 1,350 to 2,025 jobs and if we extrapolate those numbers into future phases it could be as much as 4 times that number or over 6000 - 8000 jobs. This will add secondary and tertiary spin off jobs which will be confirmed in the full economic impact study.

With regard to permanent job creation, NAIOP, National Association of Industrial and Office Properties provide multipliers to determine job creation by square footage of office and retail space; Office is calculated at 250 square feet of office space = 1 job and retail is 450 square feet of space is 1 job. Consequently, we will create on site over 504 permanent jobs on the city site alone and if we extrapolate those numbers it is conceivable if we include all of the future phases the development could surpass almost 3 times, or 1500 jobs created.

The full economic Impact study will confirm that RIMS II State Multiplier state that the job multiplier for Florida could be as much as a factor of 23.1 which could mean in excess of a factor of 2.1031 multiplier on new jobs. Source Bureau of Economic Analysis, US Department of Commerce.

22. Please explain in detail the lease structure — base payment, whether improvements are included, or are additional to the lease. Detail whether you intend to own or lease the City's land. If leasing the land, what is the annual lease payment?

AH/CG Response: *Our proposal is based on two financial models.*

1. *The three buildings that will be occupied by the City including the Fire Station, the City Hall/ Library / Women's Club / Chamber of Commerce building and the parking garage improvements will be based on ground lease with the City for those parcels. These leases will be 20 to 30-year terms on the land for \$1 a year. AH / CG will finance 100% of the improvements at around 4.2% to 5% so no capital investment is required by the City. After the term of the lease the City will own free and clear the Fire Station, the City Hall/ Library / Women's Club / Chamber of Commerce building and the parking garage improvements. The yearly lease rate for the City Hall/ Library / Women's Club / Chamber of Commerce building combined with the parking garage improvements is expected to be between \$1.03 million and 1.33 million depending on the final terms and conditions of the lease which will be greatly affected by duration of the lease the City is requesting. The lease rate for this building includes a \$30 per SF tenant build out allowance. The annual lease rates for the Fire Station is expected to be \$151,000 and \$180,000 depending on the final terms and conditions of the lease which will be greatly affected by duration of the lease the City is requesting.*
2. *On all of the remaining private development buildings pads we will start as land leases for \$1 a year per pad up to a maximum of a 10-year period. There will be a guarantee to purchase the land no later than 10 years from closing. The purchase of the land for all private development will be based on the \$12.3 MM valuation provided by the city on a per square foot basis. The valuation of \$12.3 MM for the land translates to \$43.99 per square foot. The idea is to provide temporary assistance that can be passed on to the end user and make it more appealing to move to Dania Beach while giving the new development time to stabilize under a more competitive structure. This approach will also accelerate absorption of our products and the tax revenue for the city.*

23. Using the property tax estimate and other revenues, detail the City's net payments for the City

AH/CG Response: *In response to question No. 5 we have estimated the total Tax Revenue generated by phase for the development. The total tax revenue for the use of the City land is estimated to be approximately \$2.8 million. The maximum anticipated lease payments the city will be making for the City Hall / library building, parking and fire station is approximately \$1.5 million a year. This will provide the City with new net revenue of \$1.3 million. The full development potential would increase the net revenue in excess of \$7 million. Please reference the response to Questions 5 above.*

24. Detail how the Project deals with resiliency issues, especially major storm event resiliency, and a possible flooding event. Detail the resiliency design components built into your plan.

AH/CG Response: *The project will be designed to current hurricane standards and all exterior building systems will carry approved NOA's to verify compliance. More specifically from a site development perspective our focus will be on the following strategies to build resiliency into the development related to storms and flooding:*

- *Develop strategies to address the current and future impacts of sea level rise.*
- *Engage diverse stakeholders and ensure that existing residents have a sense of ownership over climate adaptation initiatives in their community and an increased awareness of the causes of global warming and climate change in order to support mitigation and a renewable energy economy*
- *Identifying critical facilities to withstand flooding and implement best practices to protect those areas.*
- *Incorporate where appropriate and practical strategies and designs to mitigate the impact of extended or short-term power outages:*
 - *Provide redundant systems and backup power sources such as fuel oil generators, battery backup, solar power, etc.*
 - *Design to maintain livability in the event of extended loss of power (passive heating / cooling strategies)*
 - *Built-in manual overrides*
- *Design infrastructure (culverts, storm sewers, roadways, bridges) for future flexibility, allowing size to relieve some stress of added rainfall*
- *Utilizing natural resources to minimize dependence on traditional sources:*
 - *Rainwater storage for irrigation or grey water systems will be evaluated.*
 - *Vegetated roofs / raingardens / bioswales to reduce heat island effect / manage stormwater*
- *Material Selections:*
 - *Windows to withstand hurricane force winds*
 - *Interior finishes that can dry out easily*
 - *Materials that will not off-gas in event of a flood or fire*
 - *Trees that withstand high wind conditions*
- *Walkability: incorporate bike lanes / pedestrian paths to maintain function during roadway infrastructure rebuild*
- *Ability to convert facilities into emergency shelters in the event of severe weather / flooding / disasters to include generators, battery storage, and a robust infrastructure with extra capacity for short-term events*

25. Detail the energy and energy saving technology built into your Project: 1) What specific energy systems will be applied in the Project, 2) how will your project's energy consumption profile compare to similar complexes, properties, or buildings on a per sf basis?, 3) Can your project be designed as carbon-neutral? 4) what would the cost implications of carbon neutral design be – positive or negative, and 4) what would you need to complete the Project as a carbon neutral complex?

AH/CG Response: *The AH/CG development team has discussed and strategized about incorporating many energy efficient and energy saving technologies into the project. Our team is committed to exploring any and all options from a feasibility and cost perspective. Some of the specific items we have discussed are:*

- *Very Energy-efficient Building Design, i.e., super insulated, higher quality glazing; thermal mass interiors, etc.*
- *Bio-climatic Building Design, i.e., take advantage of sun and wind for solar, ventilation and daylighting.*
- *On-site Renewable Energy, i.e., solar (PV) roof panels, wind turbines, micro generation facilities, etc.*
- *Water reclamation and adaptive re-use.*

Our design team will remain focused as the buildings with the project go into the design stage to make sure our project will perform or outperform comparably to other projects' energy consumption profile of similar complexes, properties, or buildings on a per sf basis. It is important to keep in mind that the design of the buildings have not progressed to a level of design to permit comparing them to any specific project. Our experienced design team will continuously benchmark the design as it progresses against past projects to ensure we are capturing every opportunity to make the project as energy efficient and sustainable as possible. Planning charrettes involving industry experts both regionally and nationally will be brought in to evaluate the energy savings and efficiency strategies the team considers. This will keep the advancement of the project on the forefront of energy saving and efficiency.

With regard to designing a development that is carbon neutral this is not an easy topic to respond to without significant dialogue between stakeholders regarding goals and objectives. The simple answer is any project can be designed carbon neutral provided cost considerations and other factors are considered and key decisions are made early. The stakeholders will need to consider some of the following when evaluating the development of a project that is carbon neutral:

- *Reduction of loads/demand (energy and material requirements) by means of consideration of building scope (size and height), site considerations (orientation) and building materials*
- *Use of highest efficiency systems (mechanical, electrical and plumbing)*
- *Calculate renewable energy potential of site for use to calculate amount of building and program that can be supported*
- *Purchase carbon credits to balance any carbon shortfalls*

Most relevant to the developing a carbon neutral project is the acceptance that cost implication of carbon neutral design are real. It was cost more from a capital investment standpoint to build a carbon neutral project. Initial larger investments will need to be made in:

- *By means of proper envelope design, potential energy savings can be obtained but this will require an increase in capital costs. The following are examples of those increased capital costs.*
- *A good design could yield 18% energy savings but with additional investment, could be yield 40% energy savings.*
- *Installation of PV panels, on a sufficiently large roof, will increase capital costs.*

- Construction means and methods associated with demolition, materials manufacturing and materials transport, will increase capital costs.
- Post occupancy assessment, will increase operating costs

As a development team, to include the City and other project stakeholders, it is important to recognize following commitments would need to be made by the City to achieve a net zero project:

- Determination of long-term energy use goals.
- Potential Zoning and building code concessions that would permit new and innovative technology to be implemented that may or may not have a proven track record.
- Commitment to contribute capital funding to offset development inefficiencies impacts on investment returns traditional capital investors would expect or require if expected to participate in the project.

26. Propose ways in which public art will be incorporated into the Project.

AH/CG Response: *Public art has evolved in the past decade to include a variety of media and integrations strategies. Engaging the City and the public community throughout the procurement and selection process of the public art, provides the citizens with an improved public environment and enhances city buildings and spaces with quality works of art by professional artists. During the refinement of the Conceptual Master Plan, the team will work closely with the City to develop and art selection process which will evaluate not only potential locations of public art but also the art media and the balance of representing well renown artists vs. the local creative community. Establishing a diverse selection committee is key – its members typically include representatives of the City, the Developer the local community, as well as an art curator.*

The current proposed development contemplates several locations and opportunities for the placement and commissioning of public art. The parking garage north and east facades, the plaza spaces and the green roofs are all great opportunities and locations to display public art. In addition, we've incorporated a 6,000 square foot art expositions gallery / food hall, exterior park for outside shows, events and art festivals. Below are some images and examples of how public art might be incorporated into the development.

It is also anticipated that digital art displays will be utilized to promote local art and communicate what artistic events are planned. Targeted Partnerships and affiliations with local art schools will bring opportunities to the public spaces in many forms. This may include providing a platform for live plays, concerts, art competitions and expositions for the new undiscovered talents within the Dania Beach community.

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WHIRLS AND SWIRLS AND A VORTEX
ALICE AYCOCK / LAUDERHILL FL

27. Explain in detail the design, development process for the new public buildings (City Hall, Library and Fire Station).

AH/CG Response: *The design and development process for this project will be done in a collaborative and systemic fashion to ensure the inclusion of all project stakeholders. It is envisioned that initially there will be parallel paths to expedite the development of the municipal buildings. The master planning process as well as the programming process for the municipal buildings will occur concurrently to ensure that the master development is coordinated with and incorporates all elements being programmed and designed of the City Hall / Library building and the fire station.*

Regular meetings will be held with the City and fire department to develop and refine the program for the City Hall and fire station buildings. Once the programming is complete our design team will work through the design process by producing 30%, 60% and 90% designs for review by all stakeholders. Regular meetings will occur through each stage of conceptual, schematic and design development to ensure adequate feedback and collaboration is occurring between all parties and the end users.

In conjunction with reviews by the City and the fire department the design team will work with the municipality, authorities having jurisdiction as well as planning and zoning to make sure all public and staff approval processes are followed and completed to the satisfaction of the City and the public.

28. Explain at what point in the financing/development process of the overall project that the public buildings will be constructed relative to the construction schedule of the private buildings. Include any related factors and thresholds that determine this schedule.

AH/CG Response: *AH/CG Response: This question was answered in the general question No. 2 and we have provided the duplicate answer here.*

*The Armada Hoffer/ Capital Group (AH/CG) approach to this development was to prioritize the needs of the City and municipal facilities to be developed. The schedule sequence of the development was established with the goal of the Fire Station and the City Hall / Library / Women's Club and Chamber of Commerce being the first facilities developed and constructed. Below is the Master Plan Development Schedule that shows the Fire Station, City Hall / Library / Women's Club and Chamber of Commerce and Public Plaza as the initial enabling projects. This approach will activate this development for the City and community of Dania Beach as early as possible irrespective of global or regional economic cycles which will ultimately drive the balance of the development. **It is important that the City consider that the AH/CG group proposal is the only proposal that included a financial structure that not only does not rely on any capital investment by the City to construct the Fire Station, City Hall / Library / Women's Club and Chamber of Commerce and Public Plaza, but also provides these public facilities first without any reliance on the financial model for the balance of the private site development.** This guarantees that if AH/CG is selected the public needs are addressed and the City will be able to move into the new City Hall in 2022 regardless of market conditions or the ultimate scale that is eventually determined for the overall project.*

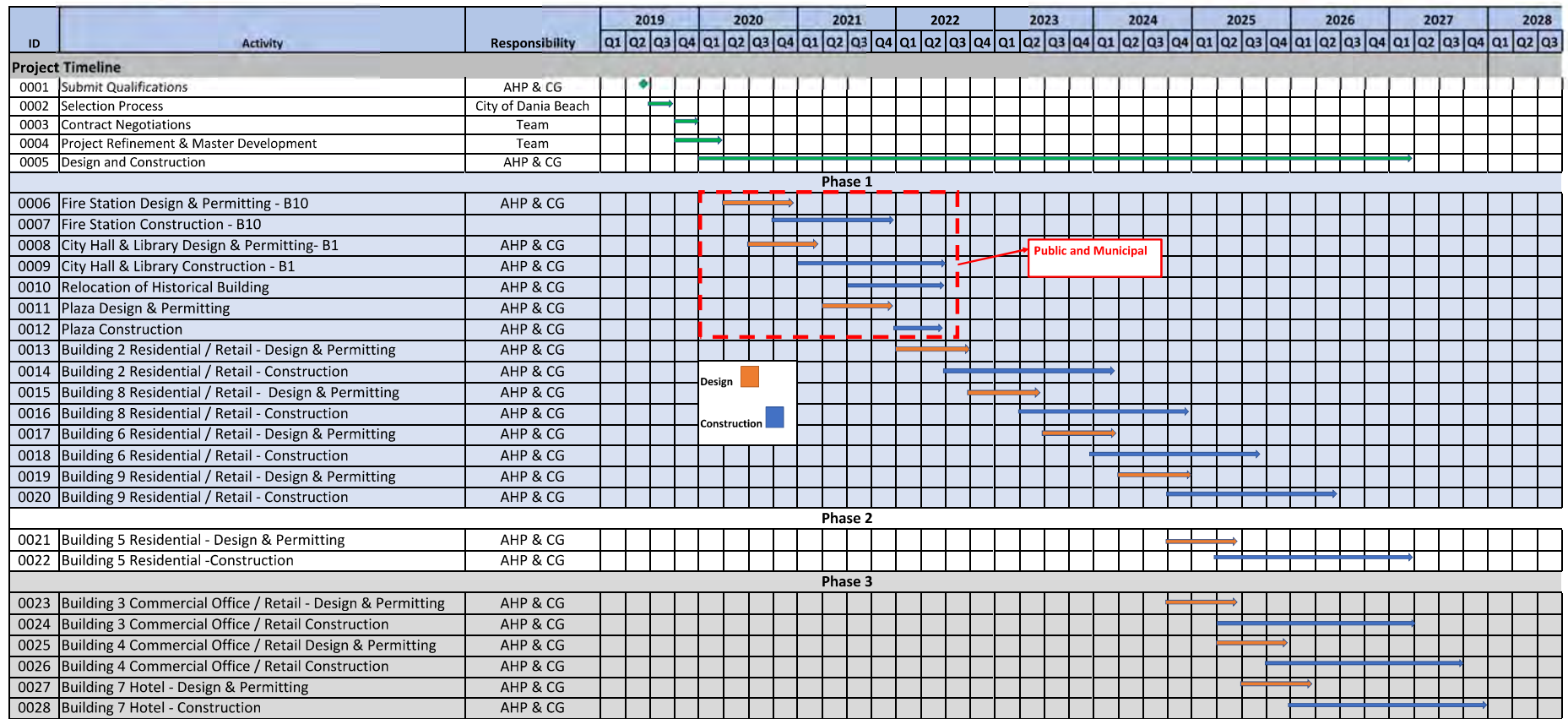
We have included in our response a thumb drive that contains a sequence video that further clarifies the sequence the development schedule shown on the next page of the response. This video can also be viewed by clicking the link below.

<https://1drv.ms/v/s!AphWzCsSywkugc8RstO1OqURA9nlsq?e=wlfPND>

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Proposed Development Schedule



29. If your proposal includes utilizing the northern property, explain your plan to spec, design and fund the replacement of the existing fire station, and the disposition of the Nyberg Swanson and Woman's Club buildings.

AH/CG Response: *The AM/CG proposal does include utilizing the North Parcel.*

As described in several other questions, the AH/CG proposed development includes building a new fire station just north of the existing one. The existing fire station would remain in operation until the new fire station was completed. The fire station would be provided with no capital investment by the City and we would negotiate a land lease with the City to construct the fire house on the property. Once completed the City would pay a 20-30year fixed lease for use of the new fire station facility. After the expiration of the lease the new Fire Station would be owned 100% by the City on City owned land.

The Nyberg Swanson and Women's Club Building will be demolished and the historic building will be related at no cost to the City after completion of the City Hall / Library Building which has planned and programmed not just to fit the Chamber of Commerce but also to include adequate space for the Women's Club. This will ensure that the Women's Club will remain and active part of the civic and public activities that will be occurring in the community and this vibrant new development.

Please see below the phased drawings which show the development of the north property and the sequence of development that provides for the integration of existing facilities into the new facilities prior to further development.

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Municipal Building Site Sequences

Current Fire Station Site



**Exiting and New Fire Station
Transitional Time**



**Final Fire Station Site
Prior to Private Development**



Current City Hall Site



**Exiting and New City Hall
Transitional Time**



**Final City Hall Site
Prior to Private Development**



30. If your proposal includes adding floors and parking spaces to the existing City parking garage, explain the plan to phase, build and fund the costs of this addition. Also, describe what entity will be responsible to own, operate, and maintain the garage and any related terms.

AH/CG Response: *The AM/CG proposal adds 2 floors of parking at the same time the new City Hall is being built. The intend on leaving the ownership of the additional floors and the parking deck with the city. The City would continue to manage it. As an option, AH/CG can provide the city with a proposal for operating and maintaining the deck however this might require monetizing the parking with the public. The city will need decide if they continue to offer free parking or charge a nominal fee or pay for events only. A compete parking study will be provided once we are selected. The cost of the additional 2 floors will be financed 100% by AH/CG with no capital investment by the City. The cost for this financing will be incorporated into the lease rate of the new City Hall/ Library building.*

Armada Hoffler/Capital Group Enterprises

1. Please clarify how the 99 year lease at \$1 per year will generate revenues for the City other than future property tax revenues.

AH/CG Response: *In response to other questions the City has asked, AH/CG have refined our responses and are clarifying that we are not prosing any 99 year land leases. There are two types of land leases proposed based on the two different approached to developing properties within this development.*

The three buildings that will be occupied by the City including the Fire Station, the City Hall/ Library / Women's Club / Chamber of Commerce building and the parking garage improvements will be based on ground lease with the City for those parcels. These leases will be 20 to 30year terms on the land for \$1 a year. AH / CG will finance 100% of the improvements at around 4.2% to 5% so no capital investment is required by the City. After the term of the lease the City will own free and clear the Fire Station, the City Hall/ Library / Women's Club / Chamber of Commerce building and the parking garage improvements. There are no additional revenues that will be generated by the City on these parcels or buildings.

*On all of the remaining private development buildings pads, we will start as land leases for **\$1 a year per pad up to a maximum of a 10-year period**. There will be a guarantee to purchase the land no later than 10 years from closing. The purchase of the land for all private development will be based on the \$12.3 MM valuation provided by the city on a per square foot basis. The valuation of \$12.3 MM for the land translates to \$43.99 per square foot. This approach will generate revenue beyond tax revenues through the fee simple sale of City owned land and the current accepted valuation.*

2. Organizational chart on page 10 of proposal reflects a relationship with Colliers Retail under the Realty and Property Management section. Please detail the relationship between Armada Hoffler, Capital Group Enterprises, or Dania Beach City Center LLC (to be formed) and the Colliers Retail

Group. What if any will be their involvement in this project, either before, during, or after completion?

AH/CG Response: *There is no existing relationship between Colliers Retail and Armada Hoffler, Capital Group Enterprises, or Dania Beach City Center LLC (to be formed). It is the intent of Dania Beach City Center LLC (to be formed) or any other single purpose entities that are formed for the development to engage Colliers to work in conjunction with our brokerage team as a retail leasing agent based on their knowledge and experience of the market. No agreements have been proposed, presented or negotiated and would not be considered until after closing on any individual parcel and development deal within the master development.*

3. Would you be willing to extend the City lease terms for the Fire Station beyond 20 years?

AH/CG Response: *Yes. The City lease for the Fire Station can be extended to a period of 30 years.*

4. Page 9 indicates Eric Apperson holds a Bachelor of Arts but does not indicate field of study. Kindly provide field of study.

AH/CG Response: *Eric Apperson Holds a Bachelor of Arts degree on Phycology.*

5. Page 35 indicates existing parking structure will remain property of the City. Please clarify use for additional 2 floors, which phase it will be added (appears to be Phase I) and who will be responsible for maintenance and management of the two additional floors. Is it planned for the City to retain all revenues generated from the existing garage and future two floors?

AH/CG Response: *The AM/CG proposal to add 2 floors of parking at the same time the new City Hall is being built with the intention of leaving the ownership, maintenance and management of the additional floors and the parking deck with the city. With regard to the revenues generated from parking on any floors the City will need decide if they continue to offer free parking or charge a nominal fee or pay for events only. Under the current proposed development structure, the City would retain all revenues from any parking fees.*

6. Can Armada Hoffler assure the realization of the joint venture?

AH/CG Response: *The Joint Venture between Armada Hoffer and Capital group has already been realized. There is a signed MOU / Letter of Agreement between Armada Hoffler and Capital Group and we have provided a letter memorializing that agreement.*

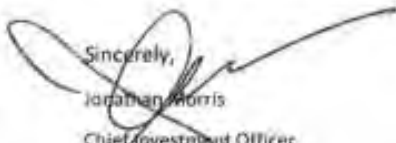


July 26, 2019

To Whom It May Concern:

This letter is to confirm that Armada Hoffer Properties Inc. (NYSE: AHH) a \$1.8 billion public real estate investment trust ("REIT") trading on the New York Stock Exchange with the NYSE ticker symbol "AHH" represented by Mr. Jonathan Morris, who is Chief Investment Officer with an office address being 222 Central Park Avenue, Suite 2100 Virginia Beach, VA 23462 has entered into a Memorandum of Understanding (MOU) whereupon Armada Hoffer will form a partnership with Capital Group P3 Developments LLC represented by Mario Caprini, CEO with an office address of 55 NE 5th Avenue Suite 501 Boca Raton, Florida 33432, as its local Partner to pursue the development of Public, Private Partnership (P3) Development Projects in the State of Florida.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Jonathan Morris
Chief Investment Officer
757-366,6694 Office
202-365-0955 Mobile

7. What is the underlying rationale for the 9+ year realization timeline?

AH/CG Response: *There are several key underlying rationales behind the timeline and sequence of the development. The primary focus of the AH/CG team is to work with the City to finalize the master development plan while currently working on the programming and design of the City Hall / Library building and fire station. Along with the public parks and plaza. These enabling projects are essential to creating the core of the master development and activating development for the public. The completion of these projects is essential to freeing up the prime private development sites for residential and commercial office building pads that would be first to go to market.*

While there may be some opportunity to start these initial private developments earlier, the enable project for the municipal buildings will take approximately 3 years from design to completion. The initial private development of remaining 8 buildings will be largely market driven. The first 4 building will involve primary residential and potentially one commercial office building. It is also vitally important not to saturate the market within this singular development with too many residential units. Equally as important is to ensure the development stays active and vibrant as it continues to be developed over time. Construction of more than two buildings at a time will significantly detract from the living and working environment of the residents that will already live in the community.

Lastly, a vibrant active community plaza and public civic center could easily be overshadowed by massive development and construction that occurs all at one time. Managing vacancy percentages and creating a sense of demand for the development is driven by the timing and delivery in the economic cycles of all products that will be offered to residents and businesses alike.

8. Explain the relationship between the Project's success, with and without the off-site opportunities (property acquisition on US 1).

AH/CG Response: *The primary City owned land development project (Phase 1) can be completed successfully without any off-site property acquisitions. The product mix and location of building types within the constraints of the City owned property site would need to be reconsidered without any additional property acquisitions. This emphasizes the need to have agreements in place with surrounding property owners prior to the finalizing the master plan development. To truly create a strong mixed-use development with sense of place and community and to create a destination for City of Dania Beach commercial office space would be incorporated more into the early phases of the project. The magnitude of the residential development must be scaled appropriately with the amount of retail, commercial office and civic space that creates the balance of strong activated community.*

9. Have you analyzed rents vs cost for 14 story buildings in market?

AH/CG Response: *Yes. We have analyzed the rents vs cost of development and construction for each building. We have developed preliminary private proformas to validate our analysis. The proposed costs of construction from our experienced team and proforma rents established per the recent market report referred in General Question 9, identifies rents for this type of product of up to \$2.50 per square foot. Once combined with the initial land lease to stabilize the property in the first 10 years will enable*

modest returns in the 10% range which is reasonable for this type of product. As the property is amortized over time the return will be in the low teens until maturity of the property.

10. Do you have a long term proforma?

AH/CG Response: *Yes, AH/CG utilize a proprietary software called the Realizer™ that develops details proformas by performing up to 34,000 calculations per building to determine the optimum scenario for each project and produces 4 workable models from least desirable to most desirable. If the project does not fit within one of these models it will not be pursued. In our initial evaluations of the Realizer™ models show the buildings on this site to be viable.*

11. Do you have specific due diligence timeline?

AH/CG Response: *It is anticipated that the due diligence timeline to begin the project will be 6-8 months.*

12. Are tenant improvements included in the \$30M budget or additional?

AH/CG Response: *A tenant improvement allowance of \$30 per sq. ft. is included in the full development costs presented.*

13. At what stage in the process are you with neighboring landowners regarding potential acquisition?

AH/CG Response: *We have discussed the purchase of the First and Third Site with Colliers the listing agent and we are planning to purchase that site at asking price of \$3.5MM soon after the closing with the city. We have incorporated that land as our building 5.*

We have made preliminary offers and/or approached the owners of the land for buildings 3,7 and 4 two of which are interested in selling or being part of a JV on those parcels. We are willing to have the properties appraised and recognize their value as the contribution of the seller either via a cash payment or equivalent land lease or a percentage ownership of the new development. This approach will make it inclusive of the local owners to participate in our project. Soon after we close with the City, we intend on finalizing agreements with these landowners as well. These preliminary efforts and commitments underscore the efforts our team has invested to incorporate these parcels into the planning and design of the project to maximize the success of this development for the City.

14. Provide references for Armada Hoffler.

AH/CG Response: Below are two references for Armada Hoffler

- 1) Mr. Mark R. Wawner
Project Development Coordinator
Virginia Beach Economic Development Office

(757) 385-6460

- 2) Florence G. Kingston
Secretary Treasury
City of Newport News
(757) 933-2311
- 3) Gerry L. Jones, RA
Director , Capital Programs & Buildings
City of Suffolk
(757) 514-4030

Reference Letters are provided below

March 10, 2017

Mr. Joseph Kernell
County Administrator
301 University Ridge
Greenville County Square
Suite 2400
Greenville, SC 29601

Re: Letter of Recommendation for Armada Hoffer Properties

Dear Mr. Kernell:

The Economic Development Authority of the City of Newport News, Virginia (EDA) is pleased to express our longstanding and successful experience with Armada Hoffer Properties (AHP) on various projects we have had the pleasure of partnering on in the City of Newport News. Dating back to 2004, our partnership began with the development of a 256-room, privately-owned, full-service Marriott Hotel and 64,000 square-foot publicly-owned conference center in City Center at Oyster Point, our City's Central Business District. In December 2013, AHP completed construction in our Downtown of an 80,000 square-foot state-of-the-art Apprentice School shipbuilding training facility, 380-space multi-story parking structure, and 194 units of market-rate, workforce housing, along with retail, restaurants and other commercial facilities, as part of a transformational, collaborative project between the State of Virginia, Huntington Ingalls Industries, EDA and the City of Newport News.

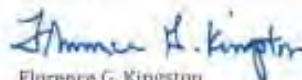
Currently, Armada Hoffer and partner Tidewater Partners Property and Development, LLC, jointly referred to as Southeast Commerce Center Associates, LLC, are collaborating with the EDA to develop a 29-acre mixed-use development project in the Southeast section of Newport News. The project currently boasts the City's new South Police Precinct, a new pioneering grocery store in what was a food desert, Jim's Local Market, and will soon welcome a 100,000 square-foot office building, which will support approximately 600 engineering and design jobs, as well as promote STEM education and entrepreneurial initiatives.

As Secretary/Treasurer of the EDA, I can assure you that working with Armada Hoffer on these various development projects has brought great value to our City. AHP's knowledge, development and construction expertise and public-private partnership experience is critical to successful and transformative economic development.

Additionally, the AHP team has worked collaboratively with all City personnel and processes, and brought these projects from their early conceptual phases to reality. AHP has truly been on the EDA's team, and I have the highest regard for their leadership and team.

If you have any questions or require additional information, please feel free to call me at (757) 926-8428. I would be happy to discuss AHP's performance with you.

Sincerely,



Florence G. Kingston
Secretary/Treasurer

FGK:mar
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CITY OF SUFFOLK

P.O. BOX 1858, SUFFOLK, VA 23439 (757) 514-4030 FACSIMILE (757) 514-4035

Capital Programs and Buildings

March 14, 2017

To Whom it may Concern,

Armada Hoffer Construction Company designed and built our new E-911 / Municipal Center building in Downtown Suffolk, which contains our state of the art E911 Dispatch Center, and office space for key departments within the City, including the office of the Mayor, City Manager, City Attorney, City Treasurer, Commissioner of the Revenue, Capital Programs and Buildings, Public Utilities, Public Works, Human Resources, Planning and Community Development, Economic Development, City Clerk, Media and Community Relations, Information Technology, Finance and Budget, City Assessor, and the City Council Chamber.

The project was complicated by the fact that the new building was built on the same block as the existing Municipal Building, a building which had to remain open and fully functional until the new E-911 / Municipal Center building was completed and occupied. This scenario necessitated a two phased construction schedule. Phase 1 consisted of site and utility work necessary to support the construction of the new building and all of its many functions. Phase 2 consisted of moving all of our departments into the new building, followed by the demolition of the old building, the old E911 communications tower, and construction of a new parking lot and courtyard in the space previously occupied by the old building. There were also major roadwork and utilities improvements on three of the four streets surrounding the existing and new buildings. Armada Hoffer maintained the safe flow of pedestrian traffic to the existing and new buildings while this work proceeded, and kept vehicular traffic on the impacted streets flowing smoothly throughout the entire process. At our request, the street improvements spanned across both Phases of construction, installing street curbing and base surface in Phase 1, with the final asphalt surface installation in Phase 2.

The E911 / Municipal Center project was a fixed price contract, and Armada Hoffer completed the project with no claims for added costs other than responses to changes requested by the City, and change orders issued for unforeseen underground conditions. The overall project was completed on time, with some areas of the project actually completed ahead of schedule. Armada Hoffer also coordinated with the many contractors and vendors that we had under separate contract for HVAC equipment, security systems, information technology, furniture, audio/video systems, etc., to prepare the new building

for our move into it. We provided Armada Hoffer with a schedule of move in dates for the various departments within the City, and Armada Hoffer used that schedule to create a plan for early phased turnover of the pertinent sections of the building, which allowed our furniture vendor to get an early start on delivery and setup of the new office furniture. This coordination and cooperation facilitated a very seamless move from the old building to the new facility, allowing services for the public to continue uninterrupted.

Armada Hoffer set a very high standard in coordinating and constructing our E-911 / Municipal Center building, which was a project that had many unique challenges. They always handled these challenges with exceptional professionalism and competence, with a project management team that's the best that I've ever had the opportunity to work with. I can only wish that all of our projects went as smoothly and as efficiently as this one did. Armada Hoffer Construction Company has delivered a high quality project to the City of Suffolk that we're very proud of. They get my highest recommendation to anyone seeking a high quality construction company!

Sincerely,



Gerry L. Joyce, RA
Director, Capital Programs & Buildings
City of Suffolk



February 27, 2017

Mr. Joseph Kernell
County Administrator
301 University Ridge
Greenville County Square
Suite 2400
Greenville, SC 29601

Re: Armada Hoffer Properties

Dear Mr. Kernell:

I would like to share the City of Virginia Beach's experience with Armada Hoffer Properties (AHP) in the development of the Town Center of Virginia Beach. The partnership with AHP began in 1999 with the first phase and continues today. Together we have developed a vibrant, mixed use walkable community which has become the crown jewel of our city. To date we have developed nine city blocks which consist of 814,736 sf of office space; 19 restaurants; 190,459 sf of retail; 804 residential units; 412 hotel rooms, and a performing arts facility. To date, total private investment of over \$450 million supported by public investment of \$105 million has been expended. We are currently under construction on the next block with private investment of \$41 million.

AHP has been exceptional to work with and delivered a quality product that has been transformative to our city. For additional information on the project I invite you to visit our web site at yesvirginiabeach.com/business-districts/pages/town-center. Without AHP's dedication to the project we would not have achieved our vision of creating a vibrant urban center for our city.

I would be happy to discuss our project or AHP's performance with you. I can be reached at (757) 385-6460 or mwawner@vb.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark R. Wawner', with a stylized flourish at the end.

Mark R. Wawner
Project Development Coordinator

15. What are the floor plate sizes?

AH/CG Response: *Please reference tabulation sheet below for all floor plate sizes.*

First At Dania Beach Program and Tabulations

Description	Building #	Phase	Floor Plate	Floors	Approximate Size	Jobs	Number of Units	Parking
City Hall	1	1	18,000	3 and 4	36,000		na	72
Library	1	1		2	18,000		na	36
Lobby / visitors	1	1		1	2,500		na	119
Additional Parking to existing	1	1	existing	2				220
retail	1	1		1	2,500	6	na	5
Kids Library	1	1		1	4,000		na	8
			Totals	4	63,000	6		660
Residential Apartments	2	1	9,500	5 to 14	85,500		110	114
Retail / Gallery	2	1		1	6,000	13	na	
					91,500	13	110	114
Fire Station	10	1	6,000	1 and 2	12,000	27	na	6
			Totals	2	12,000	27		
Office or Residential Apartments	8	1	12,000	5 to 14	108,000	432	400	730
					108,000	432	400	730
Residential Apartments	5	1	14,000	5 to 14	126,000		160	160
Retail / Gallery	6	1		1	6,000	13	na	
					132,000	13	160	160
Residential Apartments	9	1	12,000	5 to 14	126,000		140	140
Retail / Gallery	9	1		1	6,000	13		20
					132,000	13	140	160
Totals for Development on City Owned Land Phase 1					538,500	504	810	1,824
Additional Site to Purchase First & Third								
Description	Building #	Phase	Floor Plate	Floors	Approximate Size		Number of Units	Parking
Residential Apartments	5 & 5B	2	46,700	5 to 14	355,200		470	863
					355,200		470	863
Totals for Additional Site to be Purchases First & Third					355,200	950	470	863
All Future Phases: Hotel and Office								
Description	Building #	Phase	Floor Plate	Floors	Approximate Size		Number of Units	Parking
Office	3	3	15,400	5 to 14	138,600		na	200
Retail	3	3		1	5,000			
					143,600		0	200
Hotel	7	3	13,300	5 to 10	80,000		150	139
Retail	7	3		1	13,300			
					93,300		150	139
Office	4	3	22,500	5 to 14	202,500		na	280
Retail grocery store	4	3		1	6,000			
					208,500		0	280
Totals for All Future Phases: Hotel and Office					445,400		150	619
Description					Approximate Size		Number of Units	Parking
Totals for All Potential phases					1,477,600		2240	5130

16. How accessible is the green space on the buildings?

AH/CG Response: The green space on the parking deck is for the general public use as well as some portions of the commercial building that may have a restaurant component. However, the rooftops on the residential buildings will be for the residents only. This is the current strategy and it will be further explored and refined through the development of the final Master Plan.

17. Identify if there is content missing on page 36.

AH/CG Response: *Below is the corrected and competed text from pages 36-37 of the proposals that was cut off during the printing process.*

Page 36

2. Financial Structure

Short Term Costs VS Long Term Gain Approach

One of the most important tools we have to accomplish the city's goals is to provide an attractive and affordable live, work, play environments which is very desirable by both employers and the millennials they seek. When combining this with the effort of positioning the city with a new image oriented toward entrepreneurship, art and culture, you need to accomplish this by maintaining high standards, at affordable prices. Price point becomes a real success factor and to attract employers and provide relief for the housing crisis to attract new residents, our project provides a great opportunity to offer market rate apartments and condos at a very attractive price points by providing small footprints and a low land base and passing the savings to the end users.

In this proposal we consider the land under all residential and commercial properties to be transferred to a lease for a period not to exceed 10 years provided at \$1 a year as the city's contribution to form the economic development plan in order to incentivize long term revenue growth for the city. This will stimulate the absorption of products and provide a more balanced and stable environment for companies and residents with a stronger tax base and enable a TIF component that can be used to finance the operations and activities of common areas and a trolley to connect the City Center with the airport, the port, the beach, the casino and all the shopping and activities at Dania Point. After the up to 10 year the ownership / developer will purchase the land at the appraised value provided by the city on a per square foot basis needed for each property. This will make the city more attractive to employers and residents.

Offering temporary below market leasing rate rents for office and retail will help target the companies and people they desperately need in this tight labor market. Our solution is for the city to contribute the land in order to help the developer reach the stabilization of the project.

Short Term Costs VS Long Term Gain Approach (cont.)

We have developed a very attractive plan to enable the city to target and attract the companies they are seeking to Dania Beach. We call this program **Accelerated Economic Development Program (AEDP)** which can be used for strategic office and retail development to land the ideal companies in Dania Beach. How it works is a combination of our Governmental Lease Program and our Lease Ownership Program, here is a more specific description of the program: The city signs a 20 year lease for an office building which enables us to use our Government Lease Program to cover 100% of the costs financed at +/- 4.2% to 5% fixed rate for 20 years plus a 2.5% yearly rent increases and because of the low land price base and fixed low interest rate for 100% of the costs, translates to a huge saving of up to 25% of rent costs making it the most desirable rate available on the market enabling us to entice the best companies to move to Dania Beach.

This program minimizes the exposure of the city as we will provide the companies on preleasing basis and the companies will become sub tenants from the city. The buildings will be professionally managed by CBRE which has an excellent track records managing Government tenanted buildings. This enabling the city to generate a positive cash flow from the rents. The bonus is provided by the developer who will guarantee the buyback of the property at market value 2 years prior to the end of the leases enabling the city to generate a substantial surplus and validating the process. The developer is content of being able to buy a stabilized asset and this turns into a win-win situation. Compounded to this **AEDP** program, the next program to kick in following the developer buying back the property from the city is our LeaseOwnership program which offers to share with some strategic anchor tenanted companies some of the revenue in order to make them achieve up to 30% net effective costs savings on their rent which will practically insure they stay in Dania Beach for the next 10 year renewal and this program can be renewed by ownership every 10 years when leases are up for renewal.

Offering below market leasing rates for office will absorb the space quickly, stabilize the area and values, becoming a very attractive option for all parties involved while minimizing if not eliminating any costs to the City over time.



Dania Beach City Center Redevelopment

Dania Beach City Center LLC - Capital Group Enterprises & Armada Hoffer Properties

Land Lease Terms to City

Our proposal is based on two financial models.

1. The three buildings that will be occupied by the City including the Fire Station, the City Hall/ Library / Women's Club / Chamber of Commerce building and the parking garage improvements will be based on ground lease with the City for those parcels. These leases will be 20 to 30-year terms on the land for \$1 a year. AH / CG will finance 100% of the improvements at around 4.2% to 5% so no capital investment is required by the City. After the term of the lease the City will own free and clear the Fire Station, the City Hall/ Library / Women's Club / Chamber of Commerce building and the parking garage improvements. The yearly lease rate for the City Hall/ Library / Women's Club / Chamber of Commerce building combined with the parking garage improvements is expected to be between \$1.03 million and 1.33 million depending on the final terms and conditions of the lease which will be greatly affected by duration of the lease the City is requesting. The lease rate for this building includes a \$30 per SF tenant build out allowance. The annual lease rates for the Fire Station is expected to be \$151,000 and \$180,000 depending on the final terms and conditions of the lease which will be greatly affected by duration of the lease the City is requesting.

2. On all of the remaining private development buildings pads we will start as land leases for \$1 a year per pad up to a maximum of a 10-year period. There will be a guarantee to purchase the land no later than 10 years from closing. The purchase of the land for all private development will be based on the \$12.3 MM valuation provided by the city on a per square foot basis. The valuation of \$12.3 MM for the land translates to \$43.99 per square foot. The idea is to provide temporary assistance that can be passed on to the end user and make it more appealing to move to Dania Beach while giving the new development time to stabilize under a more competitive structure. This approach will also accelerate absorption of our products and the tax revenue for the city.

Municipal Buildings- City Hall/ Library/ Fire station: Length of lease, amount of payments from City for each building

Subject to terms and conditions of a full lease agreement, City Hall, additional 220 parking spaces, library, women's club, can be a 30 year lease - Reference answer # 22

Muni Building Buyback? Price? Benefits of buying vs leasing?

Subject to terms and conditions of a full lease agreement, City Hall, additional 220 parking spaces, library, women's club, can be a 30 year lease - Reference answer # 22

Amount of estimated Real Estate Tax Benefits to City in each phase of project

Question 5 Addresses this. City owned property Phase 1 - \$2,832,516 a year * Broward County Property Appraiser: This estimate does not include any Non-Ad Valorem assessments/Fees (Fire, Garbage, Light, Drainage, Improvement or Safe Neighborhood Assessment) Combined Phases 1, 2 and 3: \$8,259,348 a year

Amount of estimated Sales Tax Benefits to City in each phase of project

To fully answer this question relating to economic impact would require a thorough and complete economic impact study which is not practical based on time and cost expenditure to accomplish this during the RFP stage. Considering that our development plan is preliminary, we recommend completing this once we have been selected and the development plan has gone through significant vetting and revisions based upon input from both the City and the community. This will ensure that the stakeholders have all contributed and the economic impact study would then reflect more what is intended to be developed.

Estimated number of jobs created in each phase of project

Construction jobs are calculated using economic input-output models, such as RIMS II and IMPLAN, which use financial inputs and outputs to generate a final demand multiplier that is then used to determine job creation from spending. Generally, these models produce estimates ranging from 10 and 15 jobs for every \$1 million in construction spend. Therefore, on the city portion of the development alone, we estimate the construction costs to be around \$135MM which translates into 1,350 to 2,025 jobs and if we extrapolate those numbers into future phases it could be as much as 4 times that number or over 6000 - 8000 jobs. This will add secondary and tertiary spin off jobs which will be confirmed in the full economic impact study.

Economic Activity Benefits	The full economic Impact study will confirm that RIMS II State Multiplier state that the job multiplier for Florida could be as much as a factor of 23.1 which could mean in excess of a factor of 2.1031 multiplier on new jobs. Source Bureau of Economic Analysis, US Department of Commerce. Reference Question 21
Dania Urban Core Creation Benefits	As people are increasingly turning to technology for their daily transactions, we are mandating designers to harness the principles of smart placemaking to shape mixed-use environments that offer more meaningful experiences. We're talking about the plazas, courtyards, passageways, sidewalks, and parks — the in-between spaces that serve as the connective fabric weaving together the threads of a city and its people. These spaces or voids may be the most difficult to quantify, but they matter the most, because that's where people gather and experience community. To us, these spaces are where a city's soul lives and where social interactions reside. This is place making for us, a live, work and play environment bringing cities to life, making them a destination. The proposed masterplan for The First at Dania Beach provides the city center with a new identity through activation and rejuvenation of its civic components. The development is centered around a public plaza defined by a variety of mixed-uses. The new City Hall sits on the western end of the Plaza, having a direct visual presence from Federal Highway, as well as the Tri-Rail. Its "framed window" gesture towards the open space symbolizes the transparency of the government and its connectivity to its citizens. It also provides a visual terminus to the plaza through a picturesque reflection of the eastern horizon. The Civic Plaza is designed to accommodate a variety of functions and events – from farmers markets and art fairs to concerts and city and national holiday celebrations. Activated by small to medium scale retail and food & beverage components located on the ground floors of the surrounding buildings, the open space is intended to be used to its maximum potential. Strategically placed landscape and water features provide natural cooling & permeability and help break down the scale of the open space. An integrated within the landscape amphitheater invites the public to enjoy a fresh air lunch on the lawn, family picnics or live music.
Cost of Building Fire Station? Location of Fire Station? Who's financial responsibility?	Costs +/- \$3.6MM We are building the fire station and providing 100% of the funding payable over a 30 year lease that once the lease expires the property is free and clear and remains 100% ownership of the city.
Cost of relocating historical buildings? Who's expense? Who is responsible for relocation?	Synergy Community Development Center Inc. is responsible to move at its cost the property on a city owned property that will be donated to the non profit who will own and operate the facility and make it accessible to all community groups.
Project Timeline (total and for each phase)	9 Year Total Timeline, Contract Negotiations and Phase 1 - 3 years and 3 Months, Phase 2 - Two Years, Phase 3 - 3 years and 1 month.
Timeline for purchase and construction of non- City owned sites	Land will be purchased within the first year while the Master Plan is being finalized. Construction of the phases will be as follows. Phase 2 - 4th quarter of 2024-1st quarter 2027- 2 years , Phase 3 - 4th quarter of 2024-4th quarter of 2027 - 3 years and 1 month
Inspection Period/ Due Diligence	6-8 Months
Total Project Cost	Total project development costs \$634,230,000, Phase 1 City Owned Land - \$175,812,600, Phase 2 - \$111,583,200, Phase 3 - \$171,021,600
Developer Equity Used	Armada Hoffer is a publicly traded REIT and intends to use its own funding and sources of financing adapted to the various phases
Proposed Capital Investment	No Capital Investment will be made on the Municipal Buildings. Municipal Buildings will be 100% financed. The balance of the development will vary 20-40% of equity investment and 60-80% debt.
Equity Source	Armada Hoffer
Debt Source	Armada Hoffer and Affiliates
Notes/ Comments	
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Dania Beach City Center Redevelopment



	Dania Beach City Center LLC - Capital Group Enterprises & Armada Hoffler Properties
Income & Expense Assumptions	
Ave Resi Rent Rate PSF	\$1.99 to \$2.50 PSF less programs offered during promotions of lease up period. Market reports *Class A \$2 to \$3 PSF
Ave Retail Rent PSF	\$23.90 psf less potential 30% for LeaseOwnership program \$16.73 to get to 100% occupancy fast. Market reports: Office Rates ***\$25.21 to \$30.34 Retail rates ****\$23.58 to \$25.87
Total	Rates will vary by product and building type.
Vacancy	Proforma calculations for residential vacancy at 5% commercial at 15%. Market reports show *4.8% residential, **9.3% office and ****4.3 for retail
Concessions and non-income units	Will be determined by market.
Bad Debt	customary percentages with various types
Other Income per unit	None
Annual Rent Growth	2% to 3%
Annual Expense Growth	1.5% to 2%
Retail Vacancy	15% proforma and 4.7% actual market vacancy for Broward
Hard Costs	\$175,812,600 on city owned property to \$634,230,000 with all phases- Construction Hard Cost is 75% of total costs
Residential	Residential on city land 414 units exclusive of building 8 is office with building 810 residential (could be a blend) costs \$63,704,600 to \$109,976,600
City Hall	63,000 sf which includes library, women's club, chamber of commerce, 2500sf of retail and additional office growth space for other organizations and an additional 220 parking spaces on 2 floors Costs \$24,708,000.
Fire Station	12,000sf costs allocation \$3,600,000.

Library	Included in city hall and in the sf included chamber of commerce space and women's club
Tenant Improvement Allowance For Each	TI allowance for Office and Retail \$25 PSF and \$30 PSF for City Hall and Library
Other Non-Residential	Office 108,000 sf costs \$46,272,000 Building #8 Retail 20500 sf in various buildings first floor \$6,150,000
Other (parking)	Incorporated in various buildings at \$26,400 per space
Historic Buildings relocation costs	Paid by Synergy Community Development Center Inc.
Total Hard Costs	Total project development costs \$507,384,000, Phase 1 City Owned Land - \$140,650,080 Phase 2 - \$89,266,560, Phase 3 - \$136,817,280
Soft Costs	
Architectural / Engineering (% HC)	6%
Consultant Fees- survey, env, etc. (% HC)	included in hard costs
Impact / Utility / Permit Fees (% HC)	included in hard costs
Legal & Professional Fees (% HC)	0.50%
General Project Administration (% HC)	2%
Insurance (% HC)	included in hard costs
Financing Utilization	included in hard costs
Taxes (millage rate)	1.92029%
Brokerage Fees (4% Land)	We will pay 4% on land value purchased from the city to Colliers at the start of a site transaction
Title & Recording (% of Land)	Included in Buyers Closing
Soft Cost Contingency (% of SC)	4.50%
Developer's Fee (% of TC)	5-6%
Total Soft Costs	20% of Total Development Cost
Sources:	
* Cushman & Wakefield 2019 South Florida Multifamily Forecast report	
** CBRE Florida Q1 2019 Marketview	
*** Marcus & Millichap Office 2019 Q2 South East Florida Metros Market Report	
**** Marcus & Millichap Retail 2019 Q2 South East Florida Metros Market Report	
Other reports from Collier also in agreement with above.	
All our proforma #'s are below market reports comps accelerating absorption and maintaining occupancy and focused on affordability	



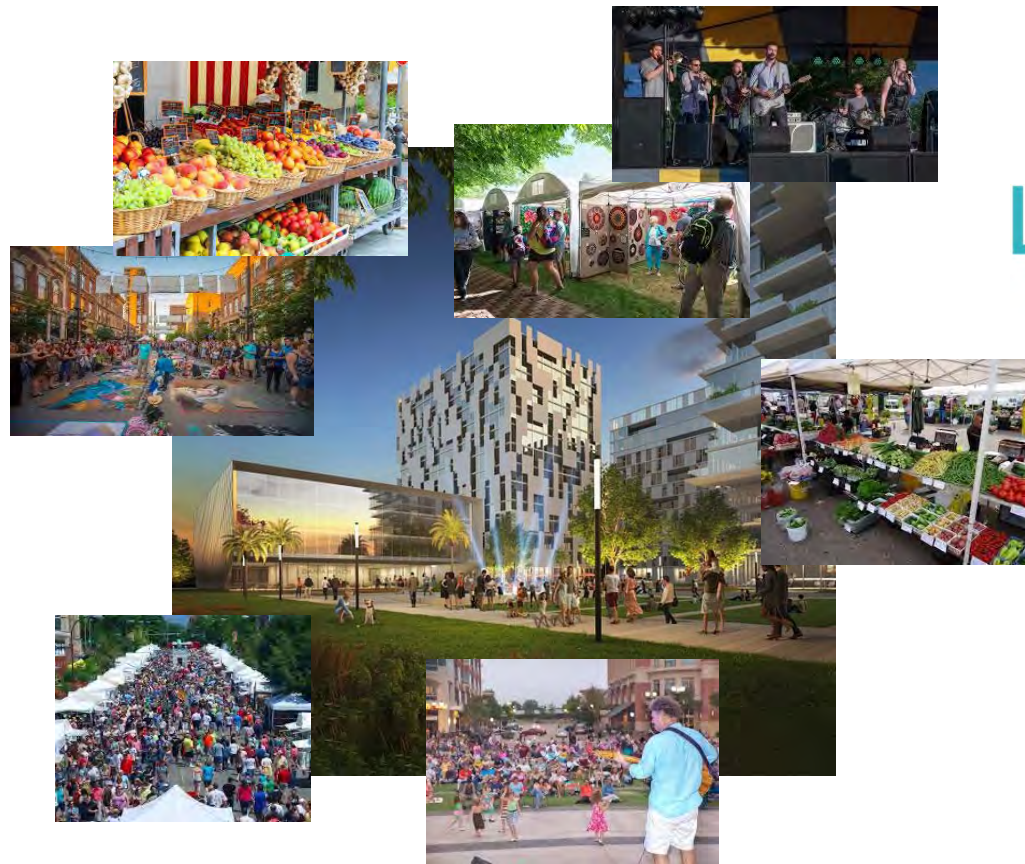
Dania Beach City Center Redevelopment

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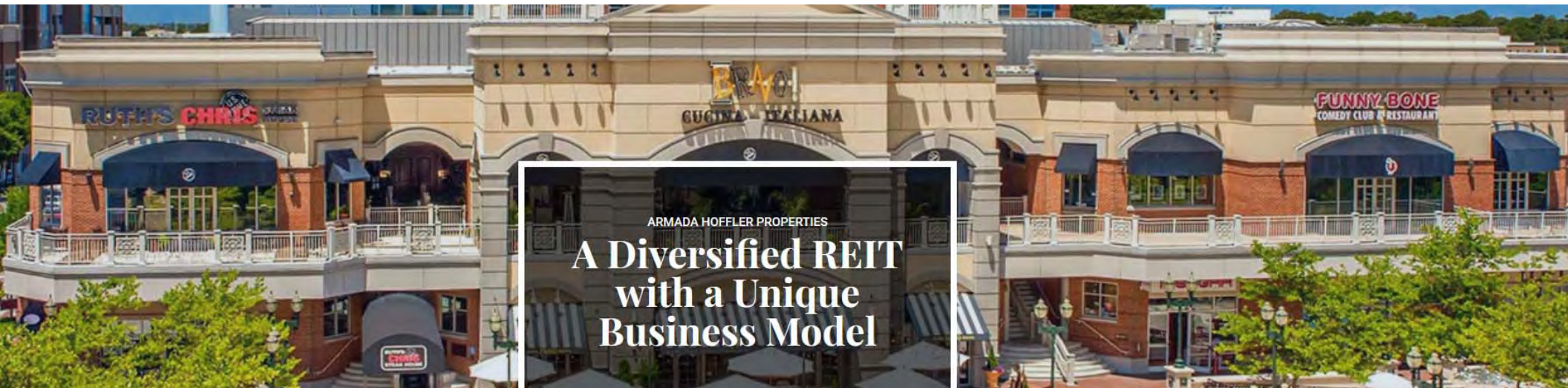
A Catalyst for Entrepreneurs, Artists and for a Cultural Renaissance



**LIVE WORK
& PLAY**



Jonathan Morris
Chief Investment Officer
Armada Hoffler Properties



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www.CapitalGroupUSA.com



We have done this before!



Virginia Beach Town Center

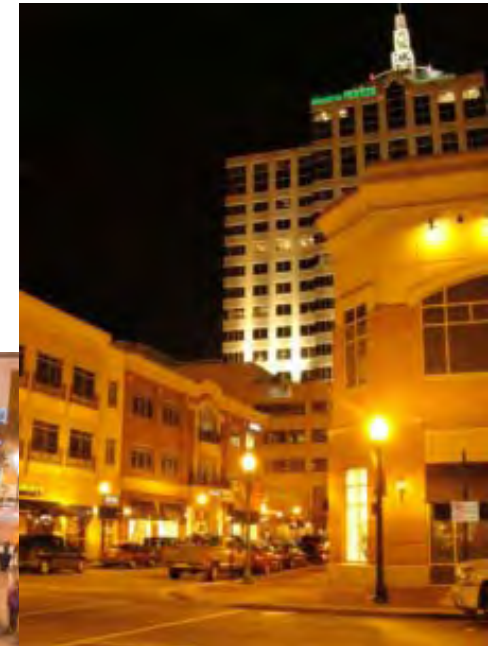


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Virginia Beach Town Center

https://www.youtube.com/watch?time_continue=46&v=FWU0ZXQK_RM

https://www.youtube.com/watch?time_continue=43&v=bxY2HUMRpA8



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Agenda

- Introduction
- The Financial Picture of our Proposal
- Development Plan
- What makes us the best selection for the City?
- Question and Answers



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The Financial Deal

- **No Capital Investment and No Risk!**
- City retains ownership of the majority of land.
- **City gets municipal complex and fire station and plaza first regardless of economy!**
- Armada Hoffler / Capital Group pays annual land lease for parcels leased back to the City.
- Armada Hoffler / Capital Group will purchase the land needed for private development
- City owns municipal buildings after lease term.
- City expense on new municipal facilities in comparable to what they would spend.
- The government lease rates proposed by the Armada Hoffler / CG team are half of other proposers



**The
First
At Dania Beach**



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We are committed to working with the City to create an iconic expression that uniquely reimagines Dania Beach!



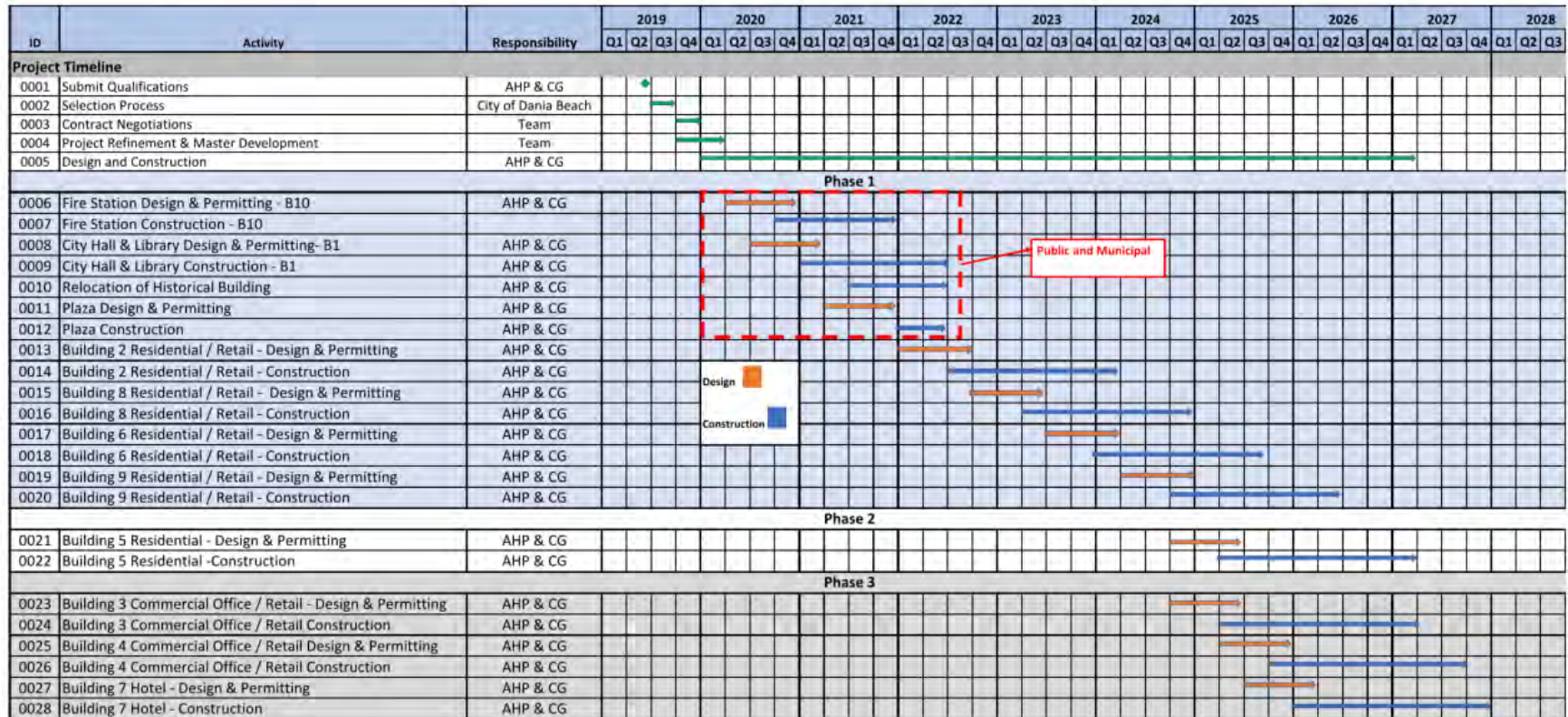
Development Plan



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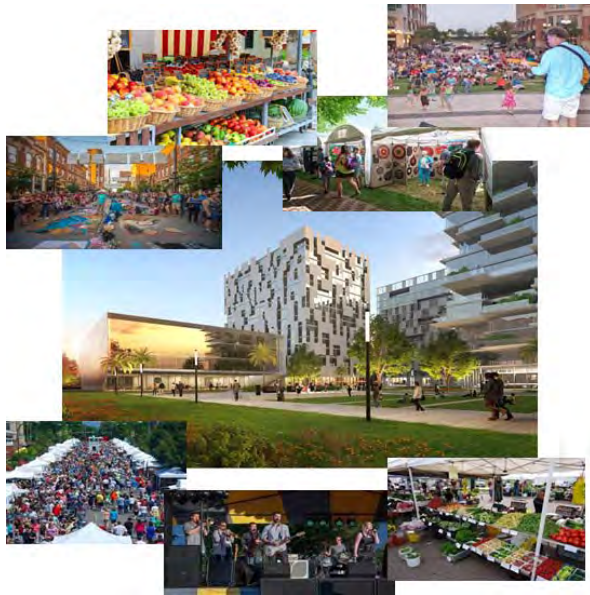
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Development Plan



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Development Plan



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Development Plan

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What makes us the Best Selection for the City?

- **The Financial Deal for the City and Community.**
- The City gets their facilities first.
- Development Plan address all elements from the City's Planning Charrettes
- Fire Station, City Hall, Library , Chamber of Commerce and Women's Club remain in the development site.
- Armada Hoffler's financial strength as a Public REIT
- Premier National and local design Team
- Local key construction partners with National resources.



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Thank You

WORKWELLNESS
RELAXATION
FAMILY
FITNESS
BALANCE
LIFE
SOUL
EXERCISE
COMMUNITY
HARMONY
SPIRIT
WORKOUT
MEDITATION



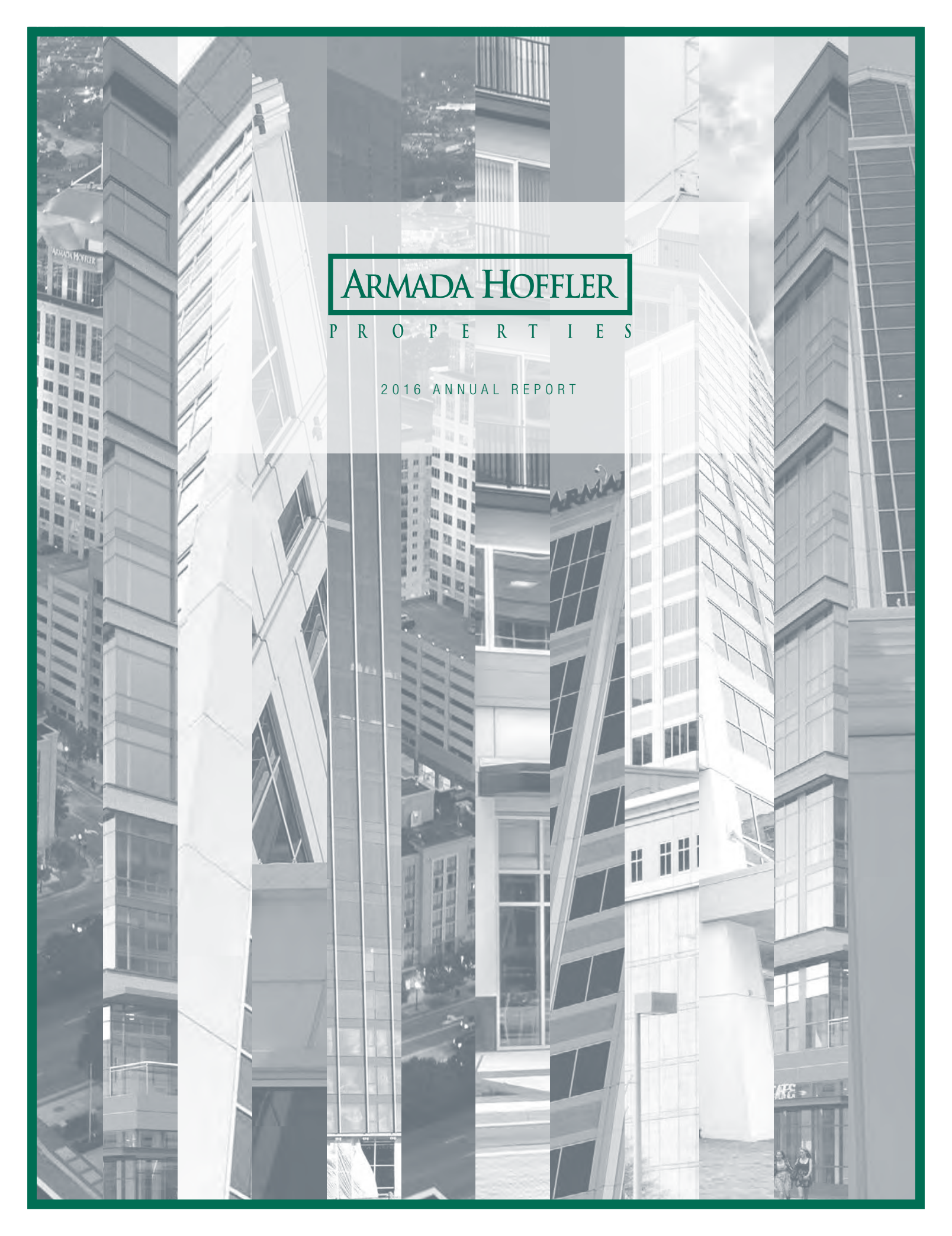
LIVE WORK & PLAY

Q & A



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ARMADA HOFFLER

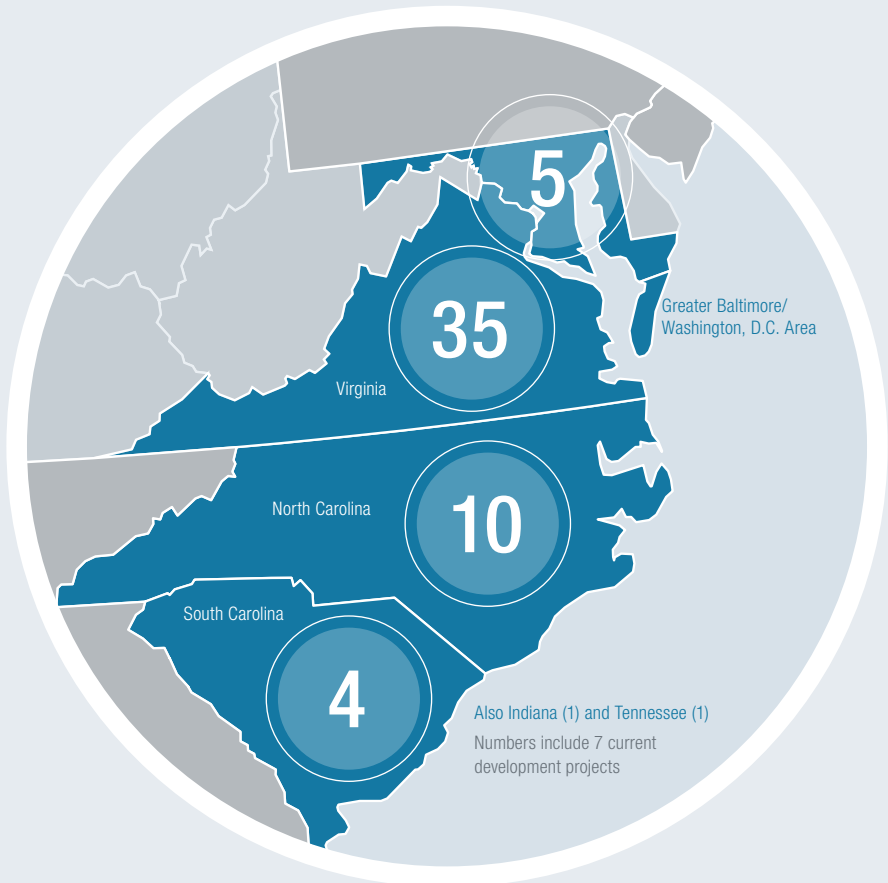
P R O P E R T I E S

2016 ANNUAL REPORT

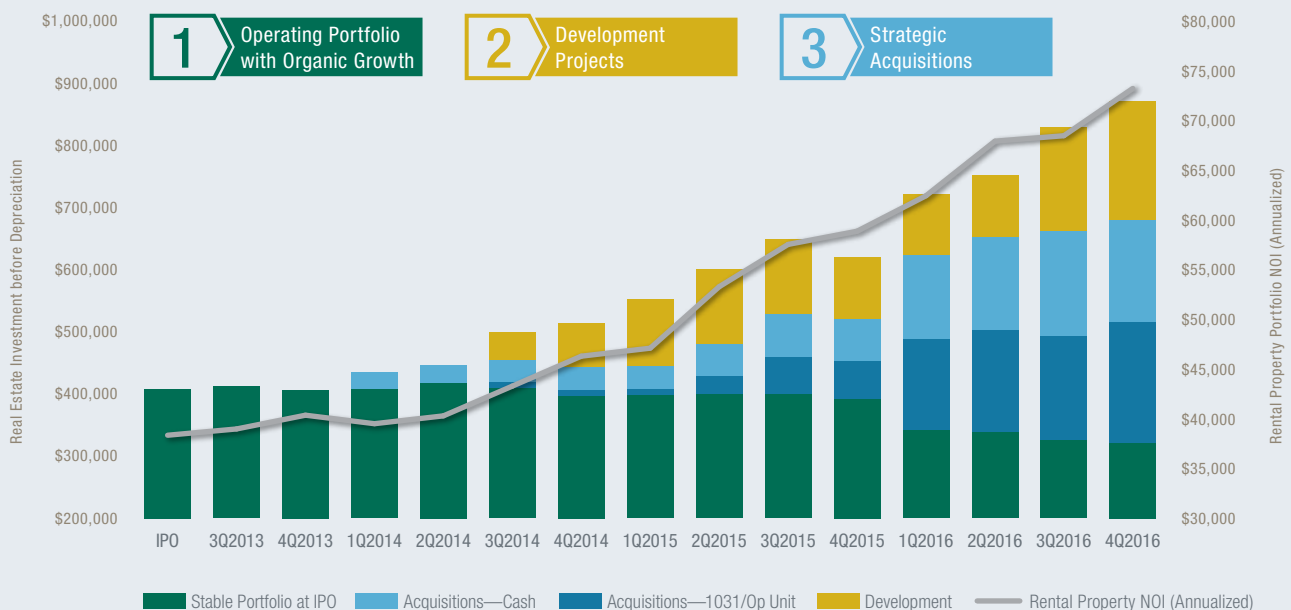
ARMADA HOFFLER PROPERTIES

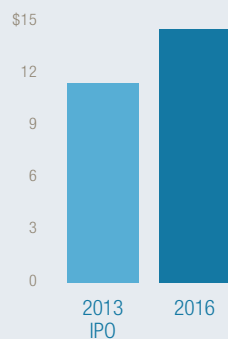
We are a full service real estate company with extensive experience developing, building, acquiring and managing high-quality, institutional-grade office, retail and multifamily properties in attractive markets throughout the Mid-Atlantic and Southeastern United States.

Since our founding nearly four decades ago, our goal has been to build a portfolio of the highest quality real estate through conservative, selective development complemented by strategic acquisitions and dispositions. In 2016 we continued to execute on our strategy to grow our portfolio, create value, and return that value to shareholders.

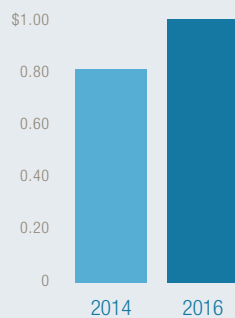


Portfolio Growth Since IPO \$ in thousands

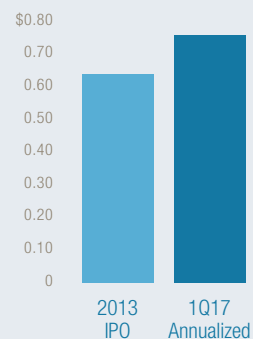


Analysts' NAV per Share Consensus⁽¹⁾

Normalized FFO per Share



Common Stock Dividends per Share



27%

Growth

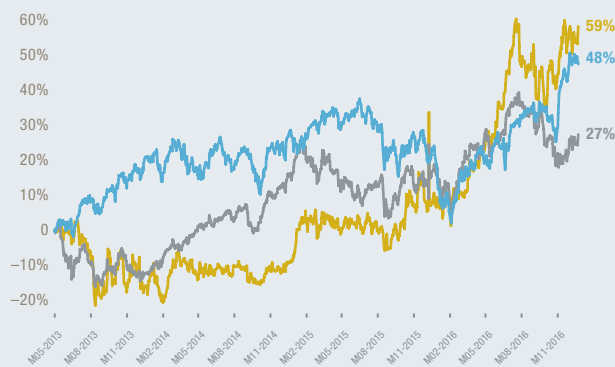
23%

Growth

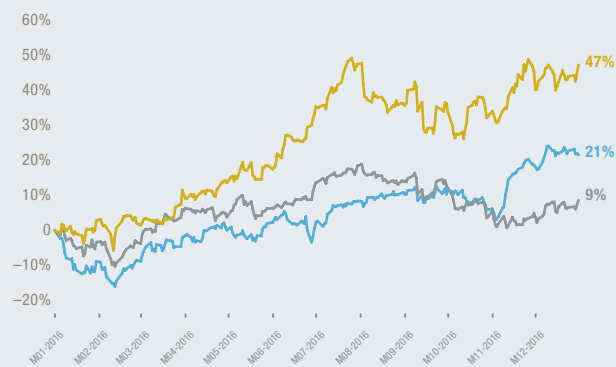
19%

Growth

Total Shareholder Return Since IPO



2016 Total Shareholder Return



■ AHH ■ MSCI US REIT (RMS) ■ Russell 2000

59%

Based on the closing stock price as of December 30, 2016.

47%

Based on the closing stock price as of December 30, 2016.

⁽¹⁾ Analysts' Net Asset Value (NAV) per share consensus has been obtained from SNL Financial, which is based on NAV estimates made by the analysts who cover our company. The estimates made by these analysts are theirs alone and do not represent estimates by us or management. We do not by the reference above imply our endorsement or adoption of or concurrence with such information or conclusions.

TO OUR SHAREHOLDERS

2016 at a Glance

\$1.3B

Enterprise Value

**ADDED TO THE
MSCI US REIT
INDEX (RMZ)**

as of 11/30/2016

4.9%

Dividend Yield as of 12/31/2016

With the presidential election now behind us, we can now focus our attention on adapting to the evolving financial, regulatory and business environment under the new administration. But before we turn the page on 2016, let's reflect on what was, by all accounts, an outstanding year for our company.

WE AT ARMADA HOFFLER PROPERTIES ARE PROUD TO REPORT ANOTHER YEAR OF SOLID FINANCIAL RESULTS.

Specifically, during 2016 we:

- grew Normalized FFO per share from \$0.93 to \$1.01,
- increased NOI by 25% over 2015,
- raised cash dividends to \$0.72 per share,
- acquired over \$260 million of assets,
- added \$245 million of new projects to our development pipeline,
- delivered Nine East 33rd in partnership with Johns Hopkins University,
- maintained core portfolio occupancy over 94%,
- added over \$290 million to third party construction backlog,
- increased the capacity of our credit facility to \$250 million,
- surpassed \$1 billion of enterprise value and
- joined the MSCI US REIT Index.

By almost any measure, this past year was a success, which we attribute to our steady focus on executing our long-term strategy.

STRATEGY

Our strategy is simple, but it has served the Company well throughout our 38-year history:

- develop and invest in the highest quality real estate in high barrier-to-entry locations in order to maintain high occupancy and achieve premium rental rates through varying economic cycles,
- maintain full-service capabilities across the real estate spectrum—development, construction and asset management—in order to execute on all types of opportunities throughout the investment cycle,
- capitalize on public-private partnership, joint venture, acquisition and disposition opportunities,
- create value and maximize the wholesale-to-retail spread in our projects by controlling both costs and schedule with our development and construction expertise and
- maintain a strong balance sheet in order to provide both consistent access to capital and the flexibility to make opportunistic investments.



Phase VI of the Town Center of Virginia Beach

TOTAL SHAREHOLDER RETURN

The successful execution of our strategy was rewarded with strong absolute and relative share price performance during 2016. Total shareholder return for the year was 47%, outperforming the MSCI US REIT Index, the Russell 2000 Index and 94% of all publicly-traded equity REITs.

For the period from our initial public offering in May 2013 to the end of 2016, total shareholder return was 59%, outpacing both the MSCI US REIT Index and the Russell 2000 Index over the same period.

DEVELOPMENT PIPELINE

Looking back over the last three years, we've successfully produced and delivered over \$300 million of new real estate, creating what we believe is over \$50 million of equity in the process, some of which we've monetized, but all of which has manifested itself in healthy NOI and net asset value growth.

Today, our predevelopment and development pipeline approaches \$440 million and reaches as far north as the Inner Harbor of Baltimore, through the greater Washington DC metro area, into downtown Durham, midtown Charlotte and the historic Charleston Peninsula. With not only the volume but the quality of projects in our current pipeline, our potential for value creation has never been greater.

Given our track record of success over nearly four decades, we have every reason to believe that the best is yet to come.

ORGANIZATION AND TEAM

At Armada Hoffler Properties, we are fortunate to have a talented and dedicated team that takes pride in the quality of their work and the real estate that we produce. For nearly four decades and through four

recessions, our management team has stayed true to our strategy... and regardless of the changing business or political landscape, our core values remain the same. We are deeply appreciative of our team's loyalty and commitment, without which we could not accomplish all that we do.

We would like to thank all of our colleagues at Armada Hoffler Properties, as well as our Board of Directors, for all of their contributions in 2016. Most importantly, we would like to thank you, our shareholders, for your continued support.

Daniel A. Hoffler

Executive Chairman of the Board

Louis S. Haddad

President and Chief Executive Officer

A. Russell Kirk

Vice Chairman of the Board

2016 HIGHLIGHTS

Portfolio

High Occupancy

Consistent Cash Flow

94%

Core portfolio occupancy
as of December 31, 2016

Development

Growth Pipeline

Wholesale Equity Creation

20%

Target wholesale-to-retail spread

Construction

Reduces Development Risk

Fee Income

\$5.7M

2016 annual segment
gross profit



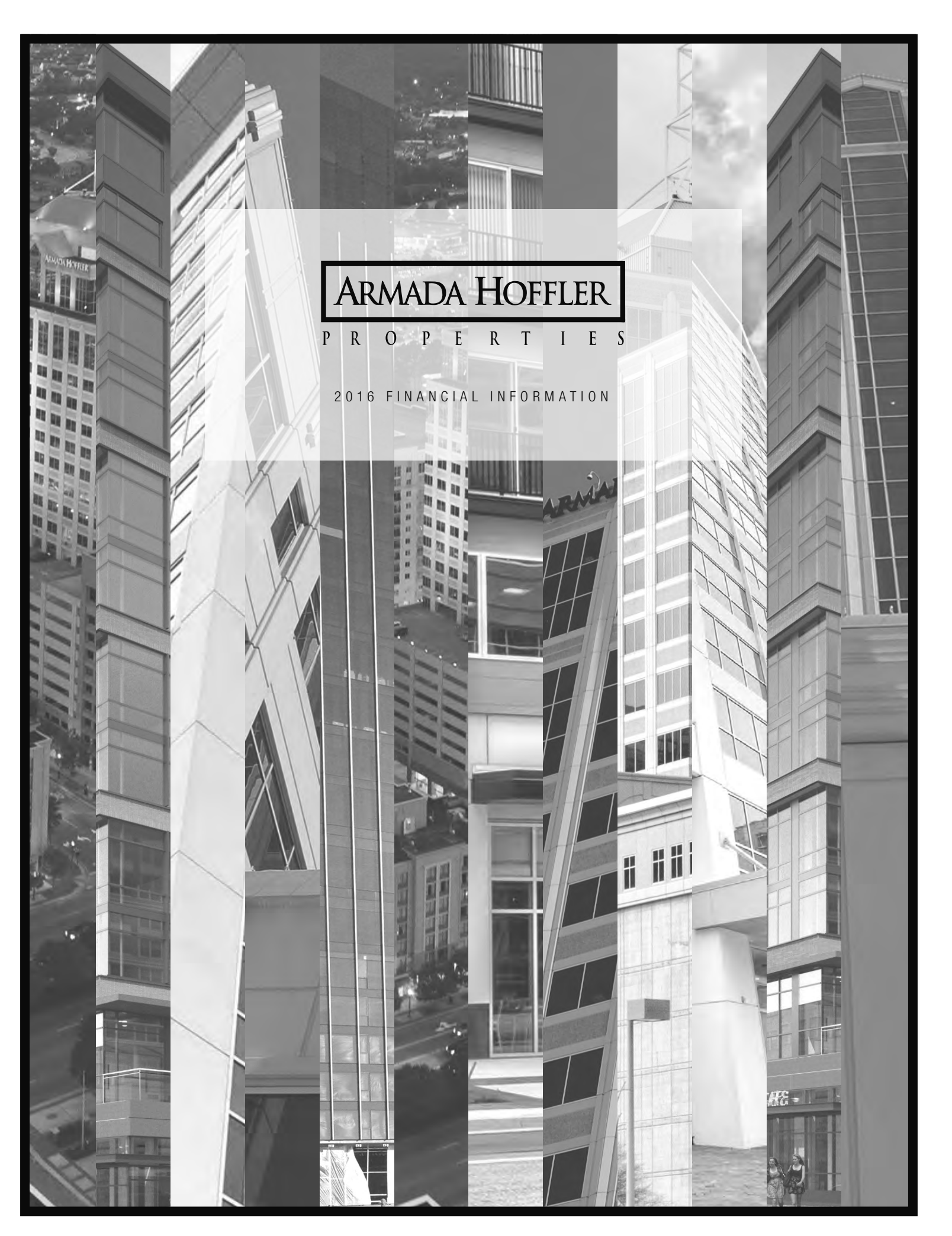
Nine East 33rd Apartments



Harding Place



Harbor East



ARMADA HOFFLER

P R O P E R T I E S

2016 FINANCIAL INFORMATION

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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2016

or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission file number 001-35908

ARMADA HOFFLER PROPERTIES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction of
Incorporation or Organization)

46-1214914
(IRS Employer
Identification No.)

222 Central Park Avenue, Suite 2100

Virginia Beach, Virginia
(Address of Principal Executive Offices)

23462
(Zip Code)

Registrant's Telephone Number, Including Area Code (757) 366-4000
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock, \$0.01 par value per share

Name Of Each Exchange On Which Registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2016, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$443.0 million, based on the closing sales price of \$13.74 per share as reported on the New York Stock Exchange. (For purposes of this calculation all of the registrant's directors and executive officers are deemed affiliates of the registrant.)

As of February 28, 2017, the registrant had 37,588,278 shares of common stock outstanding.

Documents Incorporated by Reference

Portions of the registrant's Definitive Proxy Statement relating to its 2017 Annual Meeting of Stockholders are incorporated by reference into Part III of this report. The registrant expects to file its Definitive Proxy Statement with the Securities and Exchange Commission within 120 days after December 31, 2016.

Armada Hoffler Properties, Inc.
Form 10-K
For the Fiscal Year Ended December 31, 2016

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. This report contains forward-looking statements within the meaning of the federal securities laws. We caution investors that any forward-looking statements presented in this report, or which management may make orally or in writing from time to time, are based on management's beliefs and assumptions made by, and information currently available to, management. When used, the words "anticipate," "believe," "expect," "intend," "may," "might," "plan," "estimate," "project," "should," "will," "result" and similar expressions, which do not relate solely to historical matters, are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. We caution you that while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- adverse economic or real estate developments, either nationally or in the markets in which our properties are located;
- our failure to develop the properties in our development pipeline successfully, on the anticipated timeline or at the anticipated costs;
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- defaults on, early terminations of or non-renewal of leases by tenants, including significant tenants;
- bankruptcy or insolvency of a significant tenant or a substantial number of smaller tenants;
- difficulties in identifying or completing development, acquisition or disposition opportunities;
- our failure to successfully operate developed and acquired properties;
- our failure to generate income in our general contracting and real estate services segment in amounts that we anticipate;
- fluctuations in interest rates and increased operating costs;
- our failure to obtain necessary outside financing on favorable terms or at all;
- our inability to extend the maturity of or refinance existing debt or comply with the financial covenants in the agreements that govern our existing debt;
- financial market fluctuations;
- risks that affect the general retail environment or the market for office properties or multifamily units;
- the competitive environment in which we operate;
- decreased rental rates or increased vacancy rates;
- conflicts of interests with our officers and directors;
- lack or insufficient amounts of insurance;

- environmental uncertainties and risks related to adverse weather conditions and natural disasters;
- other factors affecting the real estate industry generally;
- our failure to maintain our qualification as a real estate investment trust (“REIT”) for U.S. federal income tax purposes;
- limitations imposed on our business and our ability to satisfy complex rules in order for us to maintain our qualification as a REIT for U.S. federal income tax purposes; and
- changes in governmental regulations or interpretations thereof, such as real estate and zoning laws and increases in real property tax rates and taxation of REITs.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes after the date of this Annual Report on Form 10-K, except as required by applicable law. You should not place undue reliance on any forward-looking statements that are based on information currently available to us or the third parties making the forward-looking statements. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the risk factors described in Item 1A herein and in other documents that we file from time to time with the Securities and Exchange Commission (the “SEC”).

PART I

Item 1. Business.

Our Company

References to “we,” “our,” “us” and “our company” refer to Armada Hoffler Properties, Inc., a Maryland corporation, together with our consolidated subsidiaries, including Armada Hoffler, L.P., a Virginia limited partnership (the “Operating Partnership”), of which we are the sole general partner.

We are a full service real estate company with extensive experience developing, building, owning and managing high-quality, institutional-grade office, retail and multifamily properties in attractive markets primarily throughout the Mid-Atlantic and Southeastern United States. In addition to the ownership of our operating property portfolio, we develop and build properties for our own account and through joint ventures between us and unaffiliated partners. We also provide general contracting services to third parties. Our construction and development experience includes mid- and high-rise office buildings, retail strip malls and retail power centers, multifamily apartment communities, hotels and conference centers, single- and multi-tenant industrial, distribution and manufacturing facilities, educational, medical and special purpose facilities, government projects, parking garages and mixed-use town centers. Our third-party construction contracts have included signature properties across the Mid-Atlantic region, such as the Inner Harbor East development in Baltimore, Maryland, including the Four Seasons Hotel and Legg Mason office tower, the Mandarin Oriental Hotel in Washington, D.C., and a \$50 million proton therapy institute for Hampton University in Hampton, Virginia. Our construction company historically has been ranked among the “Top 400 General Contractors” nationwide by Engineering News Record and has been ranked among the “Top 50 Retail Contractors” by Shopping Center World.

We were formed on October 12, 2012 under the laws of the State of Maryland and are headquartered in Virginia Beach, Virginia. We elected to be taxed as a REIT for U.S. federal income tax purposes commencing with the taxable year ended December 31, 2013. Substantially all of our assets are held by, and all of our operations are conducted through, our Operating Partnership. As of December 31, 2016, we owned, through a combination of direct and indirect interests, 68.1% of the units of limited partnership interest in our Operating Partnership (“OP Units”).

2016 Highlights

The following highlights our results of operations and significant transactions for the year ended December 31, 2016:

- Net income of \$42.8 million, or \$0.85 per diluted share, compared to \$31.2 million, or \$0.75 per diluted share, for the year ended December 31, 2015.
- Funds from operations (“FFO”) of \$48.0 million, or \$0.96 per diluted share, compared to \$35.9 million, or \$0.87 per diluted share, for the year ended December 31, 2015.
- Normalized FFO of \$50.9 million, or \$1.01 per diluted share, compared to \$38.7 million, or \$0.93 per diluted share, for the year ended December 31, 2015.
- Property segment net operating income (“NOI”) of \$67.9 million compared to \$54.2 million for the year ended December 31, 2015:
 - Office NOI of \$13.4 million compared to \$21.6 million
 - Retail NOI of \$42.0 million compared to \$23.2 million
 - Multifamily NOI of \$12.5 million compared to \$9.3 million
- Same store NOI of \$35.6 million compared to \$35.3 million for the year ended December 31, 2015:
 - Office same store NOI of \$10.0 million compared to \$9.9 million
 - Retail same store NOI of \$18.7 million compared to \$18.5 million
 - Multifamily same store NOI of \$6.9 million compared to \$6.9 million

- Core stabilized portfolio occupancy by segment, excluding properties subject to ground leases, as of December 31, 2016 compared to December 31, 2015:
 - Office occupancy at 86.8% compared to 95.8%
 - Retail occupancy at 95.8% compared to 95.5%
 - Multifamily occupancy at 94.3% compared to 94.2%
- Entered into a joint venture agreement as a minority partner to develop One City Center, a mixed-use project located in Durham, North Carolina. Upon completion, we will own 152,000 square feet of retail and office space anchored by a 55,000 square foot lease with Duke University.
- Agreed to invest \$42.0 million in The Residences at Annapolis Junction Town Center, located approximately two miles from Fort Meade, with options to acquire a controlling interest upon the project's completion.
- Broke ground on the next phase of development in the Town Center of Virginia Beach, a \$42 million mixed-use project expected to include 39,000 square feet of retail space, which is nearly 50% pre-leased as of the date of this report, and more than 130 luxury apartments, as part of the Company's ongoing public-private partnership with the City of Virginia Beach.
- Delivered both Lightfoot Marketplace in Williamsburg, Virginia and Johns Hopkins Village in Baltimore, Maryland.
- Broke ground on Harding Place, a new \$45 million Class A multifamily property in Midtown Charlotte, North Carolina with expected delivery in 2018.
- Completed the dispositions of:
 - the Richmond Tower office building for \$78.0 million at a gain of \$26.2 million
 - Willowbrook Commons and Kroger Junction--two of the non-core retail centers acquired as part of the 11-asset portfolio purchase completed in January--for an aggregate sales price of \$12.9 million
 - the Oyster Point office building for \$6.4 million at a gain of \$3.8 million
- Completed the acquisitions of:
 - a \$170.5 million retail portfolio totaling 1.1 million square feet across 11 properties
 - Southgate Square in Colonial Heights, Virginia for total consideration of \$39.5 million
 - Southshore Shops in Midlothian, Virginia for total consideration of \$9.3 million
 - Columbus Village II in Virginia Beach, Virginia for total consideration of \$26.2 million
 - Renaissance Square in Davidson, North Carolina for total consideration of \$17.1 million
- General contracting and real estate services segment gross profit of \$5.7 million compared to \$5.9 million for the year ended December 31, 2015.
- Executed \$293.1 million of third-party construction contract work.
- Third-party construction backlog of \$217.7 million as of December 31, 2016.
- Increased the borrowing capacity of our senior unsecured credit facility through the accordion feature. The facility is now comprised of a \$150.0 million revolving credit facility and a \$100.0 million term loan.

- Raised \$67.0 million of net proceeds at a weighted average price of \$12.89 per share under our at-the-market continuous equity offering programs.
- Cash from operating activities of \$59.8 million, compared to \$33.1 million for the year ended December 31, 2015.
- Declared cash dividends of \$0.72 per share compared to \$0.68 per share for the year ended December 31, 2015.
- Added to the MSCI U.S. REIT Index (RMZ) effective as of the close of the market on November 30, 2016.

For definitions and discussion of FFO, NOI and same store NOI, see the sections below entitled “Item 6. Selected Financial Data” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Our Competitive Strengths

We believe that we distinguish ourselves from other REITs through the following competitive strengths:

- *High-Quality, Diversified Portfolio.* Our portfolio consists of institutional-grade, premier office, retail and multifamily properties located primarily in Virginia, Maryland, North Carolina and South Carolina. Our properties are generally in the top tier of commercial properties in their markets and offer Class-A amenities and finishes.
- *Seasoned, Committed and Aligned Senior Management Team with a Proven Track Record.* Our senior management team has extensive experience developing, constructing, owning, operating, renovating and financing institutional-grade office, retail, multifamily and hotel properties in the Mid-Atlantic and Southeastern regions. As of December 31, 2016, our named executive officers and directors collectively owned approximately 18% of our company on a fully diluted basis, which we believe aligns their interests with those of our stockholders.
- *Strategic Focus on Attractive Mid-Atlantic and Southeastern Markets.* We focus our activities in our target markets in the Mid-Atlantic and Southeastern regions of the United States that demonstrate attractive fundamentals driven by favorable supply and demand characteristics and limited competition from other large, well-capitalized operators. We believe that our longstanding presence in our target markets provides us with significant advantages in sourcing and executing development opportunities, identifying and mitigating potential risks and negotiating attractive pricing.
- *Extensive Experience with Construction and Development.* Our platform consists of development, construction and asset management capabilities, which comprise an integrated delivery system for every project that we build for our own account or for third-party clients. This integrated approach provides a single source of accountability for design and construction, simplifies coordination and communication among the relevant stakeholders in each project and provides us valuable insight from an operational perspective. We believe that being regularly engaged in construction and development projects provides us significant and distinct advantages, including enhanced market intelligence, greater insight into best practices, enhanced operating leverage and “first look” access to development and ownership opportunities in our target markets.
- *Longstanding Public and Private Relationships.* We have extensive experience with public/private real estate development projects dating back to 1984, having worked with the Commonwealth of Virginia, the State of Georgia and the Kingdom of Sweden, as well as various municipalities. Through our experience and longstanding relationships with governmental entities such as these, we have learned to successfully navigate the often complex and time-consuming government approval process, which has given us the ability to capture opportunities that we believe many of our competitors are unable to pursue.

Our Business and Growth Strategies

Our primary business objectives are to: (i) continue to develop, build and own institutional-grade office, retail and multifamily properties in our target markets, (ii) finance and operate our portfolio in a manner that increases cash flow and property values, (iii) execute new third-party construction work with consistent operating margins and (iv) pursue selective acquisition opportunities, particularly when the acquisition involves a significant redevelopment aspect. We will seek to achieve our objectives through the following strategies:

- *Pursue a Disciplined, Opportunistic Development and Acquisition Strategy Focused on Office, Retail and Multifamily Properties.* We intend to grow our asset base through continued strategic development of office, retail and multifamily properties, and the selective acquisition of high-quality properties that are well-located in their submarkets. Furthermore, we believe our construction and development expertise provides a high level of quality control while ensuring that the projects we construct and develop are completed more quickly and at a lower cost than if we engaged a third-party general contractor.
- *Pursue New, and Expand Existing, Public/Private Relationships.* We intend to leverage our extensive experience in completing large, complex, mixed-use, public/private projects to establish relationships with new public partners while expanding our relationships with existing public partners.
- *Leverage our Construction and Development Platform to Attract Additional Third-Party Clients.* We believe that we have a unique advantage over many of our competitors due to our integrated construction and development business that provides expertise, oversight and a broad array of client-focused services. We intend to continue to conduct and grow our construction business and other third-party services by pursuing new clients and expanding our relationships with existing clients.
- *Engage in Disciplined Capital Recycling.* We intend to opportunistically divest properties when we believe returns have been maximized and to redeploy the capital into new development, acquisition, repositioning or redevelopment projects that are expected to generate higher potential risk-adjusted returns.

Our Properties

As of December 31, 2016, our operating property portfolio comprised the following:

Property	Location	Year Built	Net Rentable		ABR per	
			Square Feet ⁽¹⁾	Occupancy ⁽²⁾	ABR ⁽³⁾	Leased SF ⁽³⁾
Office Properties						
4525 Main Street	Virginia Beach, VA	2014	237,893	76.7 %	\$ 5,096,663	\$ 27.93
Armada Hoffer Tower ⁽⁴⁾	Virginia Beach, VA	2002	324,242	91.0	8,178,573	27.71
Commonwealth of Virginia – Chesapeake	Chesapeake, VA	2015	36,227	100.0	645,927	17.83
Commonwealth of Virginia – Virginia Beach	Virginia Beach, VA	2015	11,139	100.0	245,058	22.00
One Columbus	Virginia Beach, VA	1984	129,272	80.2	2,582,506	24.90
Two Columbus	Virginia Beach, VA	2009	108,467	76.5	2,176,255	26.24
Total / Weighted Average			847,240	86.8%	18,924,982	\$ 26.59
Retail Properties						
249 Central Park Retail ⁽⁵⁾	Virginia Beach, VA	2004	91,366	89.8	\$ 2,376,820	\$ 28.98
Alexander Pointe	Salisbury, NC	1997	57,710	97.6	649,530	11.53
Bermuda Crossroads	Chester, VA	2001	111,566	93.1	1,519,843	14.63
Broad Creek Shopping Center	Norfolk, VA	1997/2001	227,659	99.3	3,188,069	14.10
Broadmoor Plaza	South Bend, IN	1980	115,059	93.2	1,267,990	11.82
Brooks Crossing	Newport News, VA	2016	18,343	59.8	151,380	13.80
Columbus Village	Virginia Beach, VA	1980/2013	66,594	93.5	1,200,454	19.27
Columbus Village II	Virginia Beach, VA	1995/1996	92,061	100.0	1,575,991	17.12
Commerce Street Retail ⁽⁶⁾	Virginia Beach, VA	2008	19,173	100.0	848,540	44.26
Courthouse 7-Eleven	Virginia Beach, VA	2011	3,177	100.0	125,015	39.35
Dick’s at Town Center	Virginia Beach, VA	2002	103,335	100.0	1,231,340	11.92
Dimmock Square	Colonial Heights, VA	1998	106,166	97.2	1,736,216	16.83
Fountain Plaza Retail	Virginia Beach, VA	2004	35,961	100.0	1,022,629	28.44
Gainsborough Square	Chesapeake, VA	1999	88,862	90.7	1,220,121	15.14
Greentree Shopping Center	Chesapeake, VA	2014	15,751	85.7	285,941	21.17
Hanbury Village	Chesapeake, VA	2006/2009	61,049	92.8	1,355,478	23.92
Harper Hill Commons	Winston-Salem, NC	2004	55,394	65.9	518,400	14.19
Harrisonburg Regal	Harrisonburg, VA	1999	49,000	100.0	683,550	13.95
Lightfoot Marketplace	Williamsburg, VA	2016	56,043	49.2	601,665	21.80
North Hampton Market	Taylors, SC	2004	114,935	97.2	1,397,423	12.51
North Point Center	Durham, NC	1998/2009	215,690	99.3	2,583,835	12.06
Oakland Marketplace	Oakland, TN	2004	19,600	85.7	252,280	15.02
Parkway Marketplace	Virginia Beach, VA	1998	37,804	95.2	716,852	19.91
Patterson Place	Durham, NC	2004	160,942	96.8	2,443,501	15.69
Perry Hall Marketplace	Perry Hall, MD	2001	74,256	100.0	1,243,444	16.75
Providence Plaza	Charlotte, NC	2007/2008	103,118	97.4	2,564,010	25.52
Renaissance Square	Davidson, NC	2008	80,467	92.2	1,281,142	17.26
Sandbridge Commons	Virginia Beach, VA	2015	16,129	100.0	327,710	20.32
Socastee Commons	Myrtle Beach, SC	2000/2014	57,273	97.4	633,672	11.36
South Retail	Virginia Beach, VA	2002	38,515	84.9	879,870	26.89
South Square	Durham, NC	1977/2005	107,812	100.0	1,829,556	16.97
Southgate Square	Colonial Heights, VA	1991/2016	220,131	96.3	2,812,549	13.27
Southshore Shops	Midlothian, VA	2006	40,333	93.1	737,009	19.63
Stone House Square	Hagerstown, MD	2008	108,624	90.4	1,567,631	15.96
Studio 56 Retail	Virginia Beach, VA	2007	11,594	100.0	375,632	32.40
Waynesboro Commons	Waynesboro, VA	1993	52,415	100.0	438,464	8.37
Wendover Village	Greensboro, NC	2004	135,758	100.0	1,955,629	14.41
Total / Weighted Average			2,969,665	95.8%	\$ 45,599,181	\$ 16.21

Property	Location	Year Built	Net Rentable		ABR per	
			Square Feet ⁽¹⁾	Occupancy ⁽²⁾	ABR ⁽³⁾	Leased SF ⁽³⁾
<u>Retail Properties Subject to Ground Lease</u>						
Bermuda Crossroads ⁽⁷⁾	Chester, VA	2001	11,000	100.0 %	\$ 163,350	\$ 14.85
Broad Creek Shopping Center ⁽⁸⁾	Norfolk, VA	1997/2001	24,818	100.0	607,081	24.46
Greentree Shopping Center	Chesapeake, VA	2014	5,088	100.0	230,004	45.21
Hanbury Village ⁽⁷⁾	Chesapeake, VA	2006/2009	55,586	100.0	1,067,598	19.21
Harper Hill Commons ⁽⁷⁾	Winston-Salem, NC	2004	41,520	100.0	373,680	9.00
Lightfoot Marketplace ⁽⁷⁾	Williamsburg, VA	2016	51,750	100.0	660,771	12.77
North Point Center ⁽⁷⁾	Durham, NC	1998/2009	280,556	100.0	1,083,666	3.86
Oakland Marketplace ⁽⁷⁾	Oakland, TN	2004	45,000	100.0	186,300	4.14
Sandbridge Commons ⁽⁷⁾	Virginia Beach, VA	2015	53,288	100.0	583,000	10.94
South Square ⁽⁷⁾	Durham, NC	1977/2005	1,778	100.0	60,000	33.75
Stone House Square ⁽⁷⁾	Hagerstown, MD	2008	3,650	100.0	165,000	45.21
Tyre Neck Harris Teeter ⁽⁸⁾	Portsmouth, VA	2011	48,859	100.0	508,134	10.40
Total / Weighted Average			622,893	100.0%	5,688,584	\$ 9.13

					ABR per	
			Units	Occupancy ⁽²⁾	ABR ⁽¹⁰⁾	Occupied SF ⁽¹¹⁾
<u>Multifamily Properties</u>						
Encore Apartments	Virginia Beach, VA	2014	286	94.4 %	\$ 4,130,448	\$ 1.76
Johns Hopkins Village ^{(11), (12)}	Baltimore, MD	2016	157	76.4	5,916,960	2.78
Liberty Apartments ⁽¹¹⁾	Newport News, VA	2013	197	91.2	2,263,236	1.42
Smith’s Landing ⁽¹²⁾	Blacksburg, VA	2009	284	98.9	3,653,952	1.14
The Cosmopolitan ⁽¹¹⁾	Virginia Beach, VA	2006	342	92.1	6,013,536	1.65
Total / Weighted Average			1,266	94.3%	21,978,132	\$ 1.70

- (1) The net rentable square footage for each of our office properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally consistent with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines. The net rentable square footage for each of our retail properties is the sum of (a) the square footage of existing leases, plus (b) for available space, the field verified square footage.
- (2) Occupancy for each of our office and retail properties is calculated as (a) square footage under executed leases as of December 31, 2016 divided by (b) net rentable square feet, expressed as a percentage. Occupancy for our multifamily properties is calculated as (a) total units occupied as of December 31, 2016 divided by (b) total units available, expressed as a percentage.
- (3) For the properties in our office and retail portfolios, annualized base rent, or ABR, is calculated by multiplying (a) base rental payments for executed leases as of December 31, 2016 (defined as cash base rents (before abatements) excluding tenant reimbursements for expenses paid by the landlord) by (b) 12. ABR per leased square foot is calculated by dividing (a) ABR by (b) square footage under executed leases as of December 31, 2016. In the case of triple net or modified gross leases, ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- (4) As of December 31, 2016, the Company occupied 21,942 square feet at this property at an ABR of \$688,788, or \$30.48 per leased square foot, which amounts are reflected in the occupancy, ABR and ABR per leased square foot columns in the table. The rent paid by us is eliminated from our revenues in consolidation in accordance with GAAP.
- (5) As of December 31, 2016, the Company occupied 8,995 square feet at this property at an ABR of \$304,841, or \$33.89 per leased square foot, which amounts are reflected in the occupancy, ABR and ABR per leased square foot columns in the table. The rent paid by us is eliminated from our revenues in consolidation in accordance with GAAP.
- (6) Includes \$32,760 of ABR pursuant to a rooftop lease.

- (7) The Company owns the land and the tenant owns the improvements thereto. The Company will succeed to the ownership of the improvements to the land upon the termination of the ground lease.
- (8) The Company leases the land underlying this property from the owner of the land pursuant to a ground lease. The Company re-leases the land to our tenant under a separate ground lease pursuant to which our tenant owns the improvements on the land.
- (9) For the properties in our multifamily portfolio, ABR is calculated by multiplying (a) base rental payments for the month ended December 31, 2016 by (b) 12.
- (10) ABR per occupied rentable square foot is calculated by dividing (a) ABR by (b) net rentable square footage of occupied units as of December 31, 2016.
- (11) ABR for Liberty Apartments, The Cosmopolitan and Johns Hopkins Village excludes \$212,000, \$970,000 and \$1,159,000 of ABR from ground floor retail leases, respectively.
- (12) The Company leases the land underlying this property from the owner of the land pursuant to a ground lease.

The following tables summarize the scheduled expirations of leases in our office and retail operating property portfolios as of December 31, 2016. The information in the following tables does not assume the exercise of any renewal options.

Office Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Office Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	—	135,627	16.0 %	\$ —	—%	\$ —
2017	8	14,159	1.7	437,004	2.3	30.86
2018	14	80,010	9.4	2,214,896	11.7	27.68
2019	14	90,120	10.6	2,259,108	11.9	25.07
2020	3	17,840	2.1	524,457	2.8	29.40
2021	7	56,046	6.6	1,368,210	7.2	24.41
2022	3	48,117	5.7	1,347,805	7.1	28.01
2023	4	43,078	5.1	1,087,325	5.7	25.24
2024	3	60,751	7.2	1,706,129	9.0	28.08
2025	4	43,292	5.1	1,218,282	6.4	28.14
2026	3	15,168	1.8	328,333	1.7	21.65
2027	3	49,072	5.8	1,395,219	7.4	28.43
Thereafter	9	193,960	22.9	5,038,214	26.8	25.98
Total / Weighted Average	75	847,240	100.0%	18,924,982	100.0%	\$ 26.59

Retail Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	% Portfolio Net Rentable Square Feet	Annualized Base Rent	% of Retail	
					Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	—	156,929	4.4 %	\$ —	— %	\$ —
Month-to-Month	5	7,342	0.2	118,656	0.2	16.16
2017	45	224,974	6.3	3,645,108	7.1	16.20
2018	73	331,094	9.2	5,371,571	10.5	16.22
2019	80	559,851	15.6	8,515,948	16.6	15.21
2020	60	507,658	14.1	7,073,303	13.8	13.93
2021	52	268,455	7.5	4,965,436	9.7	18.50
2022	27	262,149	7.3	3,798,078	7.4	14.49
2023	14	246,153	6.9	3,077,764	6.0	12.50
2024	16	165,318	4.6	2,596,382	5.1	15.71
2025	15	223,613	6.2	2,259,666	4.4	10.11
2026	19	154,386	4.3	2,649,185	5.2	17.16
2027	9	75,346	2.1	1,732,069	3.4	22.99
Thereafter	16	409,290	11.3	5,484,599	10.6	13.40
Total / Weighted Average	431	3,592,558	100.0 %	\$ 51,287,765	100.0 %	\$ 14.93

Tenant Diversification

The following tables list the 10 tenants in each of our office and retail operating property portfolios, based on annualized base rent as of December 31, 2016 (\$ in thousands):

Office Tenant	Annualized Base Rent	% of Office Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Clark Nexsen	\$ 2,487	13.1 %	2.7 %
Hampton University	1,023	5.4	1.1
Commonwealth of Virginia	891	4.7	1.0
Kimley-Horn	859	4.5	0.9
Pender & Coward	839	4.4	0.9
Troutman Sanders	822	4.3	0.9
The Art Institute	819	4.3	0.9
Williams Mullen	755	4.0	0.8
City of Virginia Beach Development Authority	701	3.7	0.8
Cherry Bekaert	698	3.7	0.8
Top 10 Total	\$ 9,894	52.1 %	10.8 %

Retail Tenant	Annualized Base Rent	% of Retail Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Kroger/Harris Teeter	\$ 5,923	11.5 %	6.4 %
Home Depot	2,190	4.3	2.4
Bed, Bath & Beyond	1,669	3.3	1.8
Regal Cinemas	1,607	3.1	1.7
PetSmart	1,398	2.7	1.5
Food Lion	1,283	2.5	1.4
Dick's Sporting Goods	840	1.6	0.9
Safeway	821	1.6	0.9
Weis Markets	802	1.6	0.9
Ross Dress for Less	755	1.5	0.8
Top 10 Total	\$ 17,288	33.7%	18.7%

Development Pipeline

In addition to the properties in our operating property portfolio as of December 31, 2016, we had the following properties in various stages of development and stabilization. We generally consider a property to be stabilized when it reaches 80% occupancy or thirteen quarters after acquisition or completion.

Pending Delivery		(\$ in '000s)			Schedule ⁽¹⁾				
Property	Location	Estimated Size ⁽¹⁾	Estimated Cost ⁽¹⁾	Incurred Cost	Start	Stabilized			Property Type
						Initial Occupancy	Operation ⁽²⁾	AHH Ownership %	
Harding Place	Charlotte, NC	225 units	\$ 45,000	\$ 8,000	3Q16	3Q18	1Q20	80 % ⁽³⁾	Multifamily
Town Center Phase VI	Virginia Beach, VA	39,000 sf 130 Units	42,000	3,000	4Q16	3Q18	3Q19	80 % ⁽⁵⁾	Mixed-use
Brooks Crossing	Newport News, VA	100,000 sf	20,000	—	3Q16	4Q18	4Q18	65% ⁽³⁾	Office
Total			\$ 107,000	\$ 11,000					

Delivered Not Stabilized		(\$ in '000s)			Schedule				
Property	Location	Estimated Size ⁽¹⁾	Estimated Cost ⁽¹⁾	Incurred Cost	Start	Stabilized			Property Type
						Initial Occupancy	Operation ⁽¹⁾⁽²⁾	AHH Ownership %	
Brooks Crossing	Newport News, VA	18,000 sf	\$ 3,000	\$ 3,000	3Q15	3Q16	4Q16	65% ⁽³⁾	Retail
4525 Main Street	Virginia Beach, VA	239,000 sf	51,000	46,000	1Q13	3Q14	2Q17	100%	Office
Johns Hopkins Village	Baltimore, MD	157 units	68,000	67,000	1Q15	3Q16	3Q17	80% ^{(3), (4)}	Multifamily
Lightfoot Marketplace	Williamsburg, VA	109,000 sf	24,000	23,000	3Q14	3Q16	2Q17	70% ⁽³⁾	Retail
Total Development, Delivered Not Stabilized			146,000	139,000					
Total			\$ 253,000	\$ 150,000					

(1) Represents estimates that may change as the development/stabilization process proceeds.

(2) Estimated first full quarter of stabilized operations.

(3) We are entitled to a preferred return on our equity prior to any distributions to minority partners.

(4) Includes space subject to ground lease.

(5) Ownership increased to 100% in January 2017.

Our execution on all of the projects identified in the preceding table are subject to, among other factors, regulatory approvals, financing availability and suitable market conditions.

Harding Place is a \$45 million Class A multifamily property being developed in Midtown Charlotte, North Carolina with expected delivery in 2018.

Town Center Phase VI is the next phase of development in the Town Center of Virginia Beach, a \$42 million mixed-use project expected to include 39,000 square feet of retail space, which is nearly 50% pre-leased as of the date of this report, and more than 130 luxury apartments, as part of the Company's ongoing public-private partnership with the City of Virginia Beach.

Brooks Crossing is our public-private partnership with the City of Newport News, Virginia designed to revitalize the east end of the city. The project includes 18,000 square feet of retail space and is leased by miscellaneous small retailers. As of December 31, 2016, the project was approximately 59.8% leased. Additionally, we have agreed to develop, build and own a 100,000 square foot office tower anchored by Newport News Shipbuilding, a division of Huntington Ingalls Industries (NYSE:HI), as part of Brooks Crossing. The office development started in the third quarter of 2016.

4525 Main Street is our most recent addition to the Town Center of Virginia Beach and is located at the intersection of Main Street and Town Center Drive across from The Cosmopolitan, One Columbus and Armada Hoffer Tower. This 15-story office tower is anchored by Clark Nexsen, an international architecture and engineering firm, to whom we delivered approximately 85,000 square feet of office space in July 2014. Additionally, we delivered to the City of Virginia Beach Development Authority approximately 23,000 square feet of office space in June 2014. 4525 Main Street also features approximately 26,000 square feet of ground floor retail space anchored by Anthropologie, West Elm and Tupelo Honey Cafe. As of December 31, 2016, the project was approximately 76.7% leased. Subsequent to December 31, 2016, 4525 Main Street is now 93% leased.

Johns Hopkins Village includes student housing, retail space and parking located adjacent to Johns Hopkins University's Homewood campus in Baltimore, Maryland. This mixed-use development is designed to complement both the Homewood campus and nearby Charles Village neighborhood and provide a catalyst for future development in the area. CVS has leased 10,500 square feet of ground floor retail space. Construction was completed in August 2016. Approximately 76.4% of the apartment units were leased as of December 31, 2016.

Lightfoot Marketplace is a grocery-anchored shopping center in Williamsburg, Virginia. Harris Teeter has signed a 20-year ground lease for a new 53,000 square foot store. Lightfoot Marketplace also includes an additional 34,000 square feet of shops and restaurants as well as a 22,000 square foot build-to-suit building for Children's Hospital of the King's Daughters. As of December 31, 2016, the project was approximately 49.2% leased.

Other Investments

Point Street Apartments

On October 15, 2015, we agreed to invest up to \$28.2 million in the Point Street Apartments project in the Harbor Point area of Baltimore, Maryland. Point Street Apartments is an estimated \$93.0 million development project with plans for a 17-story building comprised of 289 residential units and 18,000 square feet of street-level retail space. Beatty Development Group ("BDG") is the developer of the project and has engaged us to serve as construction general contractor. Point Street Apartments is scheduled to open in 2017; however, we can provide no assurances that Point Street Apartments will open on the anticipated timeline.

BDG secured a senior construction loan of up to \$70.0 million to fund the development and construction of Point Street Apartments on November 10, 2016. We have agreed to guarantee \$25.0 million of the senior construction loan in exchange for the option to purchase up to an 88% controlling interest in Point Street Apartments upon completion of the project as follows. We currently have a \$2.1 million letter of credit for the guarantee of the senior construction loan.

Our investment in the Point Street Apartments project is in the form of a loan under which BDG may borrow up to \$28.2 million (the "BDG loan"). As of December 31, 2016, we have funded \$20.6 million under the BDG loan and for the year ended December 31, 2016, we recognized \$1.2 million of interest income on the BDG loan. See Note 6 to the accompanying consolidated financial statements.

One City Center

On February 25, 2016, we announced our joint venture with Austin Lawrence Partners to develop and construct One City Center in Durham, North Carolina. One City Center is a planned 27-story mixed-use project that is expected to include 130,000 square feet of office space, anchored by a 55,000 square foot lease with Duke University, along with 22,000 square feet of street-level retail space and 139 residential units. We are a minority partner in the joint venture and will serve as the project's general contractor, with full ownership of the office and retail portions of the project. Our equity investment in the joint venture is approximately \$10.3 million. The project is scheduled to be completed in mid-2018. The project at One City Center is an unconsolidated joint venture.

Annapolis Junction

On April 21, 2016, we entered into a note receivable with a maximum principal balance of \$42.0 million in the Annapolis Junction residential component of the Annapolis Junction Town Center project in Maryland ("Annapolis Junction"). Annapolis Junction is an estimated \$102.0 million mixed-use development project with plans for 416 residential units, 17,000 square feet of retail space and a 150-room hotel. Annapolis Junction Apartments Owner, LLC ("AJAO") is the developer of the residential component and has engaged us to serve as construction general contractor for the residential component. Annapolis Junction is scheduled to open in 2017; however, management can provide no assurances that Annapolis Junction will open on the anticipated timeline or at the anticipated cost.

AJAO secured a senior construction loan of up to \$60.0 million to fund the development and construction of Annapolis Junction's residential component on September 30, 2016. We have agreed to guarantee \$25.0 million of the senior construction loan in exchange for the option to purchase up to an 88% controlling interest in Annapolis Junction upon completion of the project. Our investment in the Annapolis Junction project is in the form of a loan under which AJAO may borrow up to \$48.0 million, including a \$6.0 million interest reserve (the "AJAO loan"). During the year ended December 31, 2016, we recognized \$2.0 million of interest income on the note. The balance on the Annapolis Junction note was \$38.9 million as of December 31, 2016.

Acquisitions and Dispositions

On January 7, 2016, we completed the sale of a building constructed for the Economic Development Authority of Newport News, Virginia. Net proceeds after transaction costs were \$6.6 million. The gain on the disposition was \$0.4 million.

On January 8, 2016, we completed the sale of the Richmond Tower office building for \$78.0 million. Net proceeds after transaction costs were \$77.0 million. The gain on the disposition of Richmond Tower was \$26.2 million.

On January 14, 2016, we completed the acquisition of a \$170.5 million retail portfolio totaling 1.1 million square feet across 11 properties.

On April 29, 2016, we completed the acquisition of Southgate Square, a 220,000 square foot retail center located in Colonial Heights, Virginia, for aggregate consideration of \$39.5 million, comprised of the assumption of \$21.1 million in debt (which approximates fair value as of the closing date) and 1,575,185 Class A units of limited partnership interest in the Operating Partnership ("Class A Units").

On June 20, 2016, we completed the sale of the Willowbrook Commons property located in Nashville, Tennessee for \$9.2 million. The gain on the sale of the Willowbrook Commons property was less than \$0.1 million.

On July 29, 2016, we completed the sale of the Kroger Junction property located in Pasadena, Texas for \$3.7 million. The loss on the sale of the Kroger Junction property was less than \$0.1 million.

On August 4, 2016, we completed the acquisition of Southshore Shops, a 40,000 square foot retail center located in Midlothian, Virginia, for aggregate consideration of \$9.3 million, comprised of \$6.7 million in cash and 189,160 Class A Units.

On September 15, 2016, we completed the sale of the Oyster Point office property for \$6.4 million. Net proceeds after transaction costs and settlement of liabilities were not significant. The gain on the disposition of Oyster Point was \$3.8 million.

On October 13, 2016, we completed the acquisition of Columbus Village II, a 92,000 square foot retail and entertainment center adjacent to the Town Center of Virginia Beach, for aggregate consideration of 2,000,000 shares of our

common stock, which based on the closing stock price on the date of the acquisition, led to an acquisition price of \$26.2 million, excluding capitalized acquisition costs.

On November 17, 2016, we completed the acquisition of Renaissance Square, an 80,000 square foot retail center located in Davidson, North Carolina, for aggregate consideration of \$17.1 million in cash.

On December 22, 2016, we completed the sale of land adjacent to the Brooks Crossing development for \$0.4 million. The gain on the disposition of the land was less than \$0.1 million.

Additional information regarding our real estate acquisition and disposition activity is set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Note 5 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

Segments

As of December 31, 2016, we operated in four business segments: (i) office real estate, (ii) retail real estate, (iii) multifamily residential real estate and (iv) general contracting and real estate services. Additional information regarding our four operating segments is set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Note 3 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

Tax Status

We have elected and qualified to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2013. Our continued qualification as a REIT will depend upon our ability to meet, on a continuing basis, through actual investment and operating results, various complex requirements under the Internal Revenue Code of 1986, as amended (the “Code”), relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our capital stock. We believe that we are organized in conformity with the requirements for qualification as a REIT under the Code and that our manner of operation will enable us to maintain the requirements for qualification and taxation as a REIT for U.S. federal income tax purposes. In addition, we have elected to treat AHP Holding, Inc., which, through its wholly-owned subsidiaries, operate our construction, development and third-party asset management businesses, as a taxable REIT subsidiary (“TRS”).

As a REIT, we generally will not be subject to U.S. federal income tax on our net taxable income that we distribute currently to our stockholders. Under the Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute each year at least 90% of their REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. If we fail to qualify for taxation as a REIT in any taxable year and do not qualify for certain statutory relief provisions, our income for that year will be taxed at regular corporate rates, and we would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. Even if we qualify as a REIT for U.S. federal income tax purposes, we may still be subject to state and local taxes on our income and assets and to federal income and excise taxes on our undistributed income. Additionally, any income earned by our services company, and any other TRS we form in the future, will be fully subject to federal, state and local corporate income tax.

Insurance

We carry comprehensive liability, fire, extended coverage, business interruption and rental loss insurance covering all of the properties in our portfolio under a blanket insurance policy, in addition to other coverage that may be appropriate for certain of our properties. We believe the policy specifications and insured limits are appropriate and adequate for our properties given the relative risk of loss, the cost of the coverage and industry practice; however, our insurance coverage may not be sufficient to fully cover our losses. We do not carry insurance for certain losses, including, but not limited to, losses caused by riots or war. Some of our policies, like those covering losses due to terrorism and earthquakes, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses, for such events. In addition, all but two of the properties in our portfolio as of December 31, 2016 were located in Virginia, Maryland, North Carolina and South Carolina, which are areas subject to an increased risk of hurricanes. While we will carry hurricane insurance on certain of our properties, the amount of our hurricane insurance coverage may not be sufficient to fully cover losses from hurricanes. We may reduce or discontinue hurricane, terrorism or other insurance on some or all of our properties in the future if the cost of premiums for any of these policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. Also, if destroyed, we may not be able to rebuild certain of our properties due to current zoning and land use regulations. As a result, we may incur significant costs in the event of adverse weather conditions and natural disasters. In

addition, our title insurance policies may not insure for the current aggregate market value of our portfolio, and we do not intend to increase our title insurance coverage as the market value of our portfolio increases. If we or one or more of our tenants experiences a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged. Furthermore, we may not be able to obtain adequate insurance coverage at reasonable costs in the future as the costs associated with property and casualty renewals may be higher than anticipated.

Regulation

General

Our properties are subject to various covenants, laws, ordinances and regulations, including regulations relating to common areas and fire and safety requirements. We believe that each of the properties in our portfolio has the necessary permits and approvals to operate its business.

Americans With Disabilities Act

Our properties must comply with Title III of the Americans with Disabilities Act of 1990 (the “ADA”), to the extent that such properties are “public accommodations” as defined by the ADA. Under the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. Although we believe that the properties in our portfolio in the aggregate substantially comply with present requirements of the ADA, we have not conducted a comprehensive audit or investigation of all of our properties to determine our compliance, and we are aware that some particular properties may currently be in non-compliance with the ADA. Noncompliance with the ADA could result in the incurrence of additional costs to attain compliance, the imposition of fines, an award of damages to private litigants and a limitation on our ability to refinance outstanding indebtedness. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations as appropriate in this respect.

Environmental Matters

Under various federal, state and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste or petroleum products at, on, in, under, or migrating from such property, including costs to investigate and clean up such contamination and liability for harm to natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. These liabilities could be substantial and the cost of any required remediation, removal, fines, or other costs could exceed the value of the property and our aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability for costs of remediation and personal or property damage or materially adversely affect our ability to sell, lease or develop our properties or to borrow using the properties as collateral. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures.

Some of our properties contain, have contained, or are adjacent to or near other properties that have contained or currently contain storage tanks for the storage of petroleum products, propane or other hazardous or toxic substances. Similarly, some of our properties were used in the past for commercial or industrial purposes, or are currently used for commercial purposes, that involve or involved the use of petroleum products or other hazardous or toxic substances, or are adjacent to or near properties that have been or are used for similar commercial or industrial purposes. As a result, some of our properties have been or may be impacted by contamination arising from the releases of such hazardous substances or petroleum products. Where we have deemed appropriate, we have taken steps to address identified contamination or mitigate risks associated with such contamination; however, we are unable to ensure that further actions will not be necessary. As a result of the foregoing, we could potentially incur material liability.

Environmental laws also govern the presence, maintenance and removal of asbestos-containing building materials, or ACBM, and may impose fines and penalties for failure to comply with these requirements or expose us to third-party liability. Such laws require that owners or operators of buildings containing ACBM (and employers in such buildings) properly manage

and maintain the asbestos, adequately notify or train those who may come into contact with asbestos, and undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building. In addition, the presence of ACBM in our properties may expose us to third-party liability (e.g. liability for personal injury associated with exposure to asbestos). We are not presently aware of any material adverse issues at our properties including ACBM.

Similarly, environmental laws govern the presence, maintenance and removal of lead-based paint in residential buildings, and may impose fines and penalties for failure to comply with these requirements. Such laws require, among other things, that owners or operators of residential facilities that contain or potentially contain lead-based paint notify residents of the presence or potential presence of lead-based paint prior to occupancy and prior to renovations and manage lead-based paint waste appropriately. In addition, the presence of lead-based paint in our buildings may expose us to third-party liability (e.g., liability for personal injury associated with exposure to lead-based paint). We are not presently aware of any material adverse issues at our properties involving lead-based paint.

In addition, the properties in our portfolio also are subject to various federal, state, and local environmental and health and safety requirements, such as state and local fire requirements. Moreover, some of our tenants may handle and use hazardous or regulated substances and wastes as part of their operations at our properties, which are subject to regulation. Such environmental and health and safety laws and regulations could subject us or our tenants to liability resulting from these activities. Environmental liabilities could affect a tenant's ability to make rental payments to us. In addition, changes in laws could increase the potential liability for noncompliance. Our leases sometimes require our tenants to comply with environmental and health and safety laws and regulations and to indemnify us for any related liabilities. But in the event of the bankruptcy or inability of any of our tenants to satisfy such obligations, we may be required to satisfy such obligations. In addition, we may be held directly liable for any such damages or claims regardless of whether we knew of, or were responsible for, the presence or disposal of hazardous or toxic substances or waste and irrespective of tenant lease provisions. The costs associated with such liability could be substantial and could have a material adverse effect on us.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury occurs. We are not presently aware of any material adverse indoor air quality issues at our properties.

Competition

We compete with a number of developers, owners and operators of office, retail and multifamily real estate, many of which own properties similar to ours in the same markets in which our properties are located and some of which have greater financial resources than we do. In operating and managing our portfolio, we compete for tenants based on a number of factors, including location, rental rates, security, flexibility and expertise to design space to meet prospective tenants' needs and the manner in which the property is operated, maintained and marketed. As leases at our properties expire, we may encounter significant competition to renew or re-lease space in light of the large number of competing properties within the markets in which we operate. As a result, we may be required to provide rent concessions or abatements, incur charges for tenant improvements and other inducements, including early termination rights or below-market renewal options, or we may not be able to timely lease vacant space.

We also face competition when pursuing development and acquisition opportunities. Our competitors may be able to pay higher property acquisition prices, may have private access to opportunities not available to us and otherwise be in a better position to acquire or develop a property. Competition may also have the effect of reducing the number of suitable development and acquisition opportunities available to us or increasing the price required to consummate a development or acquisition opportunity.

In addition, we face competition in our construction business from other construction companies in the markets in which we operate, including small local companies and large regional and national companies. In our construction business, we compete for construction projects based on several factors, including cost, reputation for quality and timeliness, access to machinery and equipment, access to and relationships with high-quality subcontractors, financial strength, knowledge of local

markets and project management abilities. We believe that we compete favorably on the basis of the foregoing factors, and that our construction business is well-positioned to compete effectively in the markets in which we operate. However, some of the construction companies with which we compete have different cost structures and greater financial and other resources than we do, which may put them at an advantage when competing with us for construction projects. Competition from other construction companies may reduce the number of construction projects that we are hired to complete and increase pricing pressure, either of which could reduce the profitability of our construction business.

Employees

As of December 31, 2016, we had 151 employees. None of our employees are represented by a collective bargaining unit. We believe that our relationship with our employees is good.

Corporate Information

Our principal executive office is located at 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462 in the Armada Hoffer Tower at the Town Center of Virginia Beach. In addition, we have construction offices located at 249 Central Park Avenue, Suite 300, Virginia Beach, Virginia 23462 and 1300 Thames Street, Suite 30, Baltimore, Maryland 21231. The telephone number for our principal executive office is (757) 366-4000. We maintain a website located at www.armadahoffler.com. The information on, or accessible through, our website is not incorporated into and does not constitute a part of this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC.

Available Information

We file our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports with the SEC. You may obtain copies of these documents by visiting the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 or by accessing the SEC's website at www.sec.gov. In addition, as soon as reasonably practicable after such materials are furnished to the SEC, we make copies of these documents available to the public free of charge through our website or by contacting our Corporate Secretary at the address set forth above under "—Corporate Information."

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and the charters of our audit committee, compensation committee and nominating and corporate governance committee are all available in the Corporate Governance section of the Investor Relations section of our website.

Financial Information

For required financial information related to our operations, please refer to our consolidated financial statements, including the notes thereto, included with this Annual Report on Form 10-K.

Item 1A. Risk Factors

Set forth below are the risks that we believe are material to our stockholders. You should carefully consider the following risks in evaluating our Company and our business. The occurrence of any of the following risks could materially adversely impact our financial condition, results of operations, cash flow, the market price of shares of our common stock and our ability to, among other things, satisfy our debt service obligations and to make distributions to our stockholders, which in turn could cause our stockholders to lose all or a part of their investment. Some statements in this report including statements in the following risk factors constitute forward-looking statements. Please refer to the section entitled “Special Note Regarding Forward-Looking Statements” at the beginning of this Annual Report on Form 10-K.

Risks Related to Our Business

The geographic concentration of our portfolio could cause us to be more susceptible to adverse economic or regulatory developments in the markets in which our properties are located than if we owned a more geographically diverse portfolio.

The majority of the properties in our portfolio are located in Virginia, which expose us to greater economic risks than if we owned a more geographically diverse portfolio. As of December 31, 2016, our properties in the Virginia and North Carolina markets represented approximately 69% and 15%, respectively, of the total annualized base rent of the properties in our portfolio. Furthermore, many of our properties are located in the Town Center of Virginia Beach, and rental revenues from our Town Center properties represented 41% of our total rental revenues. As a result, we are particularly susceptible to adverse economic, regulatory or other conditions in the Virginia market (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes and the cost of complying with governmental regulations or increased regulation), as well as to natural disasters that occur in these markets (such as hurricanes and other events). For example, the markets in Virginia in which the properties in our portfolio are located contain high concentrations of military personnel and operations. A reduction of the military presence or cuts in defense spending in these markets could have a material adverse effect on us. If there is a downturn in the economy in Virginia, our operations and our revenue and cash available for distribution, including cash available to pay distributions to our stockholders, could be materially adversely affected. We cannot assure you that these markets will grow or that underlying real estate fundamentals will be favorable to owners and operators of office, retail or multifamily properties. Our operations may also be affected if competing properties are built in these markets. Moreover, submarkets within any of our target markets may be dependent upon a limited number of industries. Any adverse economic or real estate developments in our markets, or any decrease in demand for office, retail or multifamily space resulting from the regulatory environment, business climate or energy or fiscal problems, could materially adversely affect us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to satisfy our debt service obligations.

We have a substantial amount of indebtedness outstanding, which may expose us to the risk of default under our debt obligations and may include covenants that restrict our ability to pay distributions to our stockholders.

As of December 31, 2016, we had total debt outstanding of approximately \$522.2 million, including amounts drawn under our credit facility, a substantial portion of which is guaranteed by our Operating Partnership, and we may incur significant additional debt to finance future acquisition and development activities. Excluding unamortized fair value adjustments and debt issuance costs, the aggregate outstanding principal balance of our debt was \$527.1 million as of December 31, 2016. Payments of principal and interest on borrowings may leave us with insufficient cash resources to operate our properties or to pay the dividends currently contemplated or necessary to maintain our REIT qualification. Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to meet operational needs;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- we may be forced to dispose of one or more of our properties, possibly on unfavorable terms or in violation of certain covenants to which we may be subject;

- we may default on our obligations, in which case the lenders or mortgagees may have the right to foreclose on any properties that secure the loans or collect rents and other income from our properties;
- we may violate restrictive covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations or reduce our ability to pay, or prohibit us from paying, distributions to our stockholders; and
- our default under any loan with cross default provisions could result in a default on other indebtedness.

If any one of these events were to occur, our financial condition, results of operations and cash flow could be materially adversely affected. Furthermore, foreclosures could create taxable income without accompanying cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

The loss of, or a store closure by, one of the anchor stores or major tenants in our retail shopping center properties could result in a material decrease in our rental income, which would have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Our retail shopping center properties typically are anchored by large, nationally recognized tenants. As of December 31, 2016, Kroger/Harris Teeter, Home Depot, Bed Bath & Beyond and Regal Cinemas collectively represented approximately 22.2%, and individually represented 11.5%, 4.3%, 3.3% and 3.1%, respectively, of the total annualized base rent in our retail portfolio. In addition, several of our retail properties are single-tenant properties or are occupied primarily by a single tenant. As of December 31, 2016, the Courthouse 7-Eleven, Tyre Neck Harris Teeter and Harrisonburg Regal retail properties in our portfolio were 100% occupied by 7-Eleven, Harris Teeter and Regal Cinemas, respectively, and the Dick’s at Town Center, Sandbridge Commons, Perry Hall Marketplace and Studio 56 retail properties were approximately 81%, 77%, 74% and 69% occupied by Dick’s Sporting Goods, Harris Teeter, Safeway and McCormick & Schmick’s, respectively. At any time, our tenants may experience a downturn in their business that may weaken significantly their financial condition. As a result, our tenants, including our anchor and other major tenants, may fail to comply with their contractual obligations to us, seek concessions in order to continue operations or declare bankruptcy, any of which could result in the termination of such tenants’ leases and the loss of rental income attributable to the terminated leases. In addition, certain of our tenants may cease operations while continuing to pay rent, which could decrease customer traffic, thereby decreasing sales for our other tenants at the applicable retail property. Furthermore, mergers or consolidations among retail establishments could result in the closure of existing stores or duplicate or geographically overlapping store locations, which could include stores at our retail properties.

Loss of, or a store closure by, an anchor or major tenant could significantly reduce our occupancy level or the rent we receive from our retail properties, and we may not have the right to re-lease vacated space or we may be unable to re-lease vacated space at attractive rents or at all. Moreover, in the event of default by a major tenant or anchor store, we may experience delays and costs in enforcing our rights as landlord to recover amounts due to us under the terms of our agreements with those parties. The occurrence of any of the situations described above, particularly if it involves an anchor tenant with leases in multiple locations, could seriously harm our performance and could adversely affect the value of the affected retail property.

In the event that any of the anchor stores, major tenants or single-tenant property tenants in our retail properties do not renew their leases with us when they expire, we may be unable to re-lease such premises at market rents, or at all, which could have a material adverse effect on us, including our financial condition, results of operations, cash flow and cash available for distribution and our ability to satisfy our debt service obligations.

We may be unable to renew leases, lease vacant space or re-lease space on favorable terms or at all as leases expire, which could materially adversely affect us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

As of December 31, 2016, approximately 7% of the square footage of the properties in our stabilized core office and retail portfolios was available. Additionally, 2.3% and 11.7% of the annualized base rent in our office portfolio was scheduled to expire in 2017 and 2018, respectively and 7.1% and 10.5% of the annualized base rent in our retail portfolio was scheduled to expire in 2017 and 2018, respectively. As of December 31, 2016, approximately 23% of our 4525 Main Street office property was available. Subsequent to December 31, 2016, 4525 Main Street is 93% leased. We cannot assure you that new leases will be entered into, that leases will be renewed or that our properties will be re-leased at net effective rental rates equal to or above the current average net effective rental rates or that substantial rent abatements, tenant improvements, early termination rights or below-market renewal options will not be offered to attract new tenants or retain existing tenants. In addition, our ability to

lease our multifamily properties at favorable rates, or at all, may be adversely affected by the increase in supply of multifamily properties in our target markets. Our ability to lease our properties depends upon the overall level of spending in the economy, which is adversely affected by, among other things, job losses and unemployment levels, fears of a recession, personal debt levels, the housing market, stock market volatility and uncertainty about the future. If rental rates for our properties decrease, our existing tenants do not renew their leases or we do not re-lease a significant portion of our available space and space for which leases expire, our financial condition, results of operations, cash flow, cash available for distributions and our ability to service our debt obligations could be materially adversely affected.

The short-term leases in our multifamily portfolio expose us to the effects of declining market rents, which could adversely affect our results of operations, cash flow and cash available for distribution.

Substantially all of the leases in our multifamily portfolio are for terms of 12 months or less. As a result, even if we are able to renew or re-lease apartment units as leases expire, our rental revenues will be impacted by declines in market rents more quickly than if all of our leases had longer terms, which could adversely affect our results of operations, cash flow and cash available for distribution.

Competition for property acquisitions and development opportunities may reduce the number of opportunities available to us and increase our costs, which could have a material adverse effect on our growth prospects.

The current market for property acquisitions and development opportunities continues to be extremely competitive. This competition may increase the demand for the types of properties in which we typically invest and, therefore, reduce the number of suitable investment opportunities available to us and increase the purchase prices for such properties, in the event we are able to acquire or develop such properties. We face significant competition for attractive investment opportunities from an indeterminate number of investors, including publicly traded and privately held REITs, private equity investors and institutional investment funds, some of which have greater financial resources than we do, a greater ability to borrow funds to make investments in properties and the ability to accept more risk than we can prudently manage, including risks with respect to the geographic proximity of investments and the payment of higher acquisition prices. This competition will increase if investments in real estate become more attractive relative to other forms of investment. If the level of competition for investment opportunities is significant in our target markets, it could have a material adverse effect on our growth prospects.

Increased competition and increased affordability of residential homes could limit our ability to retain our residents, lease apartment units or increase or maintain rents at our multifamily apartment communities.

Our multifamily apartment communities compete with numerous housing alternatives in attracting residents, including other multifamily apartment communities and single-family rental units, as well as owner-occupied single- and multifamily units. Competitive housing in a particular area and an increase in affordability of owner-occupied single- and multifamily units due to, among other things, declining housing prices, oversupply, mortgage interest rates and tax incentives and government programs to promote home ownership, could adversely affect our ability to retain residents, lease apartment units and increase or maintain rents at our multifamily properties, which could adversely impact our results of operations, cash flow and cash available for distribution.

The failure of properties that we develop or acquire in the future to meet our financial expectations could have a material adverse effect on us, including our financial condition, results of operations, cash flow, the per share trading price of our common stock and our growth prospects.

Our future acquisitions and development projects and our ability to successfully operate these properties may be exposed to the following significant risks, among others:

- we may acquire or develop properties that are not accretive to our results upon acquisition, and we may not successfully manage and lease those properties to meet our expectations;
- our cash flow may be insufficient to enable us to pay the required principal and interest payments on the debt secured by the property;
- we may spend more than budgeted amounts to make necessary improvements or renovations to acquired properties or to develop new properties;
- we may be unable to quickly and efficiently integrate new acquisitions or developed properties into our existing operations;

- market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and
- we may acquire properties subject to liabilities without any recourse, or with only limited recourse, with respect to unknown liabilities such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of the properties, liabilities incurred in the ordinary course of business and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

If we cannot operate acquired or developed properties to meet our financial expectations, our growth prospects could be materially adversely affected.

Failure to succeed in new markets may limit our growth.

We have acquired in the past, and we may acquire in the future if appropriate opportunities arise, properties that are outside of our primary markets. Entering into new markets exposes us to a variety of risks, including difficulty evaluating local market conditions and local economies, developing new business relationships in the area, hiring and retaining key personnel and a lack of familiarity with local governmental and permitting procedures. Furthermore, expansion into new markets may divert management time and other resources. As a result, we may not be successful expanding into new markets, which could adversely impact our business, financial condition and results of operations.

We depend on significant tenants in certain of our office properties, and an inability to pay rent by any of these tenants could result in a material decrease in our rental income, which would have an adverse effect on our results of operations and cash available for distribution.

As of December 31, 2016, the top ten largest tenants in our office portfolio collectively accounted for approximately 52.1% of the total annualized base rent in our office portfolio. Furthermore, Clark Nexsen, Hampton University and the Commonwealth of Virginia accounted for 13.1%, 5.4% and 4.7%, respectively, of the total annualized base rent in our office portfolio as of December 31, 2016. The inability of these or other significant tenants to pay rent or renew their leases upon expiration could materially and adversely affect the income produced by our office properties, which would have an adverse effect on our results of operations and cash available for distribution.

A bankruptcy or insolvency of any of our significant tenants in our office or retail properties could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

If a significant tenant in our office or retail properties becomes bankrupt or insolvent, federal law may prohibit us from evicting such tenant based solely upon such bankruptcy or insolvency. In addition, a bankrupt or insolvent tenant may be authorized to reject and terminate its lease with us. Any claim against such tenant for unpaid, future rent would be subject to a statutory cap that might be substantially less than the remaining rent owed under the lease. If any of these tenants were to experience a downturn in its business or a weakening of its financial condition resulting in its failure to make timely rental payments or causing it to default under its lease, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment. In many cases, we may have made substantial initial investments in the applicable leases through tenant improvement allowances and other concessions that we may not be able to recover. Any such event could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Certain of the leases at our retail properties contain “co-tenancy” or “go-dark” provisions, which, if triggered, may allow tenants to pay reduced rent, cease operations or terminate their leases, any of which could materially adversely affect our performance or the value of the affected retail property.

Certain of the leases at our retail properties contain “co-tenancy” provisions that condition a tenant’s obligation to remain open, the amount of rent payable by the tenant or the tenant’s obligation to continue occupancy on certain conditions, including: (i) the presence of a certain anchor tenant or tenants, (ii) the continued operation of an anchor tenant’s store and (iii) minimum occupancy levels at the retail property. If a co-tenancy provision is triggered by a failure of any of these or other applicable conditions, a tenant could have the right to cease operations, to terminate its lease early or to reduce its rent. In periods of prolonged economic decline, there is a higher than normal risk that co-tenancy provisions will be triggered as there is a higher risk of tenants closing stores or terminating leases during these periods. In addition to these co-tenancy provisions, certain of the leases at our retail properties contain “go-dark” provisions that allow the tenant to cease operations while

continuing to pay rent. This could result in decreased customer traffic at the affected retail property, thereby decreasing sales for our other tenants at that property, which may result in our other tenants being unable to pay their minimum rents or expense recovery charges. These provisions also may result in lower rental revenue generated under the applicable leases. To the extent co-tenancy or go-dark provisions in our retail leases result in lower revenue or tenant sales or tenants' rights to terminate their leases early or to a reduction of their rent, revenues and the value of the affected retail property could be materially adversely affected.

Our dependence on smaller businesses, particularly in our retail portfolio, to rent our space could have a material adverse effect on our cash flow and results of operations.

Many of our tenants, particularly those that lease space in our retail properties are smaller businesses that generally do not have the financial strength or resources of larger corporate tenants. In particular, 234 of our retail leases (representing approximately 15% of our annualized base rent from retail properties as of December 31, 2016) lease 2,500 or less square feet from us, and many of those tenants are smaller independent businesses, which generally experience a higher rate of failure than larger businesses. As a result of our dependence on these smaller businesses, we could experience a higher rate of tenant defaults, turnover and bankruptcies, which could have a material adverse effect on our cash flow and results of operations.

Many of our operating costs and expenses are fixed and will not decline if our revenues decline.

Our results of operations depend, in large part, on our level of revenues, operating costs and expenses. The expense of owning and operating a property is not necessarily reduced when circumstances such as market factors and competition cause a reduction in revenue from the property. As a result, if revenues decline, we may not be able to reduce our expenses to keep pace with the corresponding reductions in revenues. Many of the costs associated with real estate investments, such as real estate taxes, insurance, loan payments and maintenance, generally will not be reduced if a property is not fully occupied or other circumstances cause our revenues to decrease, which could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Adverse conditions in the general retail environment could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to satisfy our debt service obligations and to make distributions to our stockholders.

Approximately 57% of our total annualized base rent as of December 31, 2016 is from retail properties. As a result, we are subject to factors that affect the retail sector generally, as well as the market for retail space. The retail environment and the market for retail space have been, and in the future could, adversely affected by weakness in the national, regional and local economies, the level of consumer spending and consumer confidence, the adverse financial condition of some large retail companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets and increasing competition from discount retailers, outlet malls, internet retailers and other online businesses. Increases in consumer spending via the internet may significantly affect our retail tenants' ability to generate sales in their stores. New and enhanced technologies, including new digital technologies and new web services technologies, may increase competition for certain of our retail tenants.

Any of the foregoing factors could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our retail properties. In turn, these conditions could negatively affect market rents for retail space and could materially and adversely affect us, including our financial condition, results of operations, cash flow, cash available for distributions and our ability to service our debt obligations.

Increases in interest rates will increase our interest expense and may adversely affect our ability to pay distributions.

We have incurred, and may in the future incur, additional indebtedness that bears interest at a variable rate. An increase in interest rates would increase our interest expense and increase the cost of refinancing existing debt and issuing new debt, which would adversely affect our cash flow and our ability to make distributions to our stockholders. In addition, to the extent we are unable to refinance debt when it becomes due, we will have fewer debt guarantee opportunities available to offer under our tax protection agreements, which could trigger an obligation to indemnify certain parties under the applicable tax protection agreements. Furthermore, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments at times that may not permit realization of the maximum return on such investments. The effect of prolonged interest rate increases could adversely impact our ability to make acquisitions and develop properties.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.

Mortgage and other secured debt obligations increases our risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing any loans for which we are in default. Any foreclosure on a mortgaged property or group of properties could adversely affect the overall value of our portfolio of properties. For tax purposes, a foreclosure on any of our properties that is subject to a nonrecourse mortgage loan would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. Foreclosures could also trigger our tax indemnification obligations under the terms of our tax protection agreements with respect to the sales of certain properties.

Most of our debt arrangements involve balloon payment obligations, which may materially adversely affect us, including our cash flows, financial condition and ability to make distributions to our stockholders.

Most of our debt arrangements require us to make a lump-sum or “balloon” payment at maturity. Our ability to make a balloon payment at maturity is uncertain and may depend upon our ability to obtain additional financing or our ability to sell the property. At the time the balloon payment is due, we may or may not be able to refinance the existing financing on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment. In addition, balloon payments and payments of principal and interest on our indebtedness may leave us with insufficient cash to pay the distributions that we are required to pay to maintain our qualification as a REIT.

Our credit facility restricts our ability to engage in certain business activities, including our ability to incur additional indebtedness, make capital expenditures and make certain investments.

Our credit facility contains customary negative covenants and other financial and operating covenants that, among other things:

- restrict our ability to incur additional indebtedness;
- restrict our ability to incur additional liens;
- restrict our ability to make certain investments (including certain capital expenditures);
- restrict our ability to merge with another company;
- restrict our ability to sell or dispose of assets;
- restrict our ability to make distributions to our stockholders; and
- require us to satisfy minimum financial coverage ratios, minimum tangible net worth requirements and maximum leverage ratios.

These limitations restrict our ability to engage in certain business activities, which could materially adversely affect our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations. In addition, our credit facility may contain specific cross-default provisions with respect to specified other indebtedness, giving the lenders the right, in certain circumstances, to declare a default if we are in default under other loans.

Adverse economic and geopolitical conditions and dislocations in the credit markets could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Our business may be affected by market and economic challenges experienced by the U.S. economy or real estate industry as a whole. Such conditions may materially adversely affect us as a result of the following potential consequences, among others:

- decreased demand for office, retail and multifamily space, which would cause market rental rates and property values to be negatively impacted;

- reduced values of our properties may limit our ability to dispose of assets at attractive prices or obtain debt financing secured by our properties and may reduce the availability of unsecured loans;
- our ability to obtain financing on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from our acquisition and development activities and increase our future debt service expense; and
- one or more lenders under our credit facility could refuse to fund their financing commitment to us or could fail and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all.

If the U.S. economy experiences an economic downturn, we may see increases in bankruptcies of our tenants and increased defaults by tenants, and we may experience higher vacancy rates and delays in re-leasing vacant space, which could negatively impact our business and results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Failure to hedge effectively against interest rate changes may adversely affect our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Subject to maintaining our qualification as a REIT, we expect to continue to enter into hedging transactions to protect us from the effects of interest rate fluctuations on floating rate debt. Our existing hedging transactions have, and future hedging transactions may, include entering into interest rate cap agreements or interest rate swap agreements. These agreements involve risks, such as the risk that such arrangements would not be effective in reducing our exposure to interest rate changes or that a court could rule that such an agreement is not legally enforceable. In addition, interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates. Hedging could increase our costs and reduce the overall returns on our investments. In addition, while hedging agreements would be intended to lessen the impact of rising interest rates on us, they could also expose us to the risk that the other parties to the agreements would not perform, that we could incur significant costs associated with the settlement of the agreements or that the underlying transactions could fail to qualify as highly-effective cash flow hedges under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 815, *Derivatives and Hedging*.

We will continue to incur costs as a result of being a public company, and such costs may increase if and when we cease to be an “emerging growth company.”

As a public company, we expect to continue to incur significant legal, accounting, insurance and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect compliance with these public reporting requirements and associated rules and regulations to increase expenses, particularly after we are no longer an emerging growth company, although we are currently unable to estimate these costs with any degree of certainty. We could be an emerging growth company for up to five years after our initial public offering, although circumstances could cause us to lose that status earlier, which could result in our incurring additional costs applicable to public companies that are not emerging growth companies.

We will be required to have an independent auditor assess the effectiveness of our internal controls over financial reporting when we cease to be an “emerging growth company.”

As long as we remain an emerging growth company, as that term is defined in the JOBS Act, we will be permitted to gradually comply with certain of the on-going reporting and disclosure obligations of public companies pursuant to the Sarbanes-Oxley Act. However, after we are no longer an emerging growth company under the JOBS Act, management will be required to have an independent auditor assess the effectiveness of our internal controls over financial reporting, pursuant to Section 404 of the Sarbanes-Oxley Act. Substantial work on our part is required to implement appropriate processes, document the system of internal control over key processes, assess their design, remediate any deficiencies identified and test their operation. This process is expected to be both costly and challenging. We cannot give any assurances that material weaknesses will not be identified in the future in connection with our compliance with the provisions of Section 404 of the Sarbanes-Oxley Act. The existence of any material weakness described above would preclude a conclusion by management and our independent auditors that we maintained effective internal control over financial reporting. Our management may be required to devote significant time and expense to remediate any material weaknesses that may be discovered and may not be able to remediate any material weakness in a timely manner. For the year ended December 31, 2016, we were required to document internal control processes and provide self-certification of those processes. The existence of any material weakness in our

internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, all of which could lead to a decline in the per share trading price of our common stock.

We may be required to make rent or other concessions or significant capital expenditures to improve our properties in order to retain and attract tenants, which may materially adversely affect us, including our financial condition, results of operations, cash flow, cash available for distributions and our ability to service our debt obligations.

Upon expiration of our leases to our tenants, to the extent that adverse economic conditions in the real estate market reduce the demand for office, retail and multifamily space, we may be required to make rent or other concessions, accommodate requests for renovations, build-to-suit remodeling and other improvements or provide additional services to our tenants, any of which would increase our costs. As a result, we may have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers. Additionally, we may need to raise capital to make such expenditures. If we are unable to do so or capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases. If any of the foregoing were to occur, it could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Our use of units in our Operating Partnership as currency to acquire properties could result in stockholder dilution or limit our ability to sell such properties, which could have a material adverse effect on us.

We have, and in the future we may, acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for OP Units. In particular, we issued OP Units in connection with our acquisition of certain properties during 2016 and intend to issue additional OP Units in connection with certain property acquisitions during 2017, as discussed in “Item 1 – Business – Acquisitions and Dispositions.” This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to protect the contributors’ ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions also could limit our ability to sell properties at a time, or on terms, that would be favorable absent such restrictions. In addition, future issuances of OP Units would reduce our ownership percentage in our Operating Partnership and affect the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders. To the extent that our stockholders do not directly own OP Units, our stockholders will not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership.

Significant competition in the leasing market could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

We compete with numerous developers, owners and operators of real estate, many of which own properties similar to ours in the same submarkets in which our properties are located. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may lose existing or potential tenants and we may be pressured to reduce our rental rates below those we currently charge or to offer more substantial rent abatements, tenant improvements, early termination rights or below-market renewal options in order to retain tenants when our tenants’ leases expire. As a result, our financial condition, results of operations, cash flow, cash available for distributions and our ability to service our debt obligations could be materially and adversely affected.

Our success depends on key personnel whose continued service is not guaranteed, and the loss of one or more of our key personnel could adversely affect our ability to manage our business and to implement our growth strategies, or could create a negative perception of our company in the capital markets.

Our continued success and our ability to manage anticipated future growth depend, in large part, upon the efforts of key personnel, particularly Messrs. Hoffler (our Executive Chairman), Kirk (our Vice Chairman), Haddad (our President and Chief Executive Officer), Apperson (our President of Construction), O’Hara (our Chief Financial Officer and Treasurer), and Smith (our Chief Investment Officer and Corporate Secretary) and Ms. Hampton (our President of Asset Management), who have extensive market knowledge and relationships and exercise substantial influence over our operational, financing, development and construction activity. Among the reasons that these individuals are important to our success is that each has a national or regional industry reputation that attracts business and investment opportunities and assists us in negotiations with lenders, existing and potential tenants and industry personnel. If we lose their services, our relationships with such industry personnel could diminish.

Many of our other senior executives also have extensive experience and strong reputations in the real estate industry, which aid us in identifying opportunities, having opportunities brought to us and negotiating with tenants and build-to-suit prospects. The loss of services of one or more members of our senior management team, or our inability to attract and retain highly qualified personnel, could adversely affect our business, diminish our investment opportunities and weaken our relationships with lenders, business partners, existing and prospective tenants and industry participants, which could materially adversely affect our financial condition, results of operations, cash flow and the per share trading price of our common stock.

We may be subject to on-going or future litigation, including existing claims relating to the entities that owned the properties prior to our initial public offering and otherwise in the ordinary course of business, which could have a material adverse effect on our financial condition, results of operations, cash flow and the per share trading price of our common stock.

We may be subject to on-going litigation, including existing claims relating to the entities that owned the properties and operated the businesses prior to our initial public offering and otherwise in the ordinary course of business. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We generally intend to vigorously defend ourselves. However, we cannot be certain of the ultimate outcomes of currently asserted claims or of those that may arise in the future. In addition, we may become subject to litigation in connection with the formation transactions related to our initial public offering in the event that prior investors dispute the valuation of their respective interests, the adequacy of the consideration received by them in the formation transactions or the interpretation of the agreements implementing the formation transactions. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having an adverse effect on our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could materially adversely affect our results of operations and cash flows, expose us to increased risks that would be uninsured and adversely impact our ability to attract officers and directors.

Potential losses from hurricanes in Virginia, Maryland, North Carolina and South Carolina may not be covered by insurance.

All but two of the properties in our portfolio as of December 31, 2016 are located in Virginia, Maryland, North Carolina and South Carolina, which are areas particularly susceptible to hurricanes. While we carry insurance on certain of our properties, the amount of our insurance coverage may not be sufficient to fully cover losses from hurricanes and will be subject to limitations involving large deductibles or co-payments. In addition, we may reduce or discontinue insurance on some or all of our properties in the future if the cost of premiums for any such policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. As a result, in the event of a hurricane, we may be required to incur significant costs, and, to the extent that a loss exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

We may not be able to rebuild our existing properties to their existing specifications if we experience a substantial or comprehensive loss of such properties.

In the event that we experience a substantial or comprehensive loss of one of our properties, we may not be able to rebuild such property to its existing specifications. Further, reconstruction or improvement of such a property would likely require significant upgrades to meet zoning and building code requirements. Environmental and legal restrictions could also restrict the rebuilding of our properties.

Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on co-venturers' financial condition and disputes between us and our co-venturers.

In the past, we have, and in the future, we expect to, co-invest with third parties through partnerships, joint ventures or other entities, acquiring noncontrolling interests in or sharing responsibility for developing properties and managing the affairs of a property, partnership, joint venture or other entity. In particular, in connection with the formation transactions related to our initial public offering, we provided certain of the prior investors with the right to co-develop certain projects with us in the future and the right to acquire a minority equity interest in certain properties that we may develop in the future, in each case under certain circumstances and subject to certain conditions set forth in the applicable agreement. Furthermore, as of December 31, 2016, we were 70%, 65%, 80%, 80%, 80% and 37% joint venture partners in our Lightfoot Marketplace, Brooks Crossing, Johns Hopkins Village, Town Center Phase VI, Harding Place and City Center development projects, respectively.

Subsequent to December 31, 2016, we acquired the remaining 20% interest in Town Center Phase VI. In the event that we co-develop a property together with a third party, we would be required to share a portion of the development fee. With respect to any such arrangement or any similar arrangement that we may enter into in the future, we may not be in a position to exercise sole decision-making authority regarding the development, property, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present where a third party is not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives, and they may have competing interests in our markets that could create conflicts of interest. Such investments may also have the potential risk of impasses on decisions, such as a sale or financing, because neither we nor the partner(s) or co-venturer(s) would have full control over the partnership or joint venture. In addition, a sale or transfer by us to a third party of our interests in the joint venture may be subject to consent rights or rights of first refusal, in favor of our joint venture partners, which would in each case restrict our ability to dispose of our interest in the joint venture. Where we are a limited partner or non-managing member in any partnership or limited liability company, if such entity takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers. Our joint ventures may be subject to debt and, during periods of volatile credit markets, the refinancing of such debt may require equity capital calls.

Mezzanine loans and similar loan investments are subject to significant risks, and losses related to these investments could have a material adverse effect on our financial condition and results of operations.

We have originated, and may in the future originate or acquire, mezzanine or similar loans, which take the form of subordinated loans secured by second mortgages on the underlying property or loans secured by a pledge of the ownership interests of either the entity owning the property or a pledge of the ownership interests of the entity that owns the interest in the entity owning the property. These types of loans involve a higher degree of risk than long-term senior mortgage loans secured by income-producing real property because the loan may become unsecured as a result of foreclosure by the senior lender. In addition, these loans may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the property and increasing the risk of loss of principal. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt is paid in full. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. As a result, we may not recover some or all of our initial investment. In addition, in connection with our loan investments, we may have options to purchase all or a portion of the underlying property upon maturity of the loan; however, if a developer's costs for a project are higher than anticipated, exercising such options may not be attractive or economically feasible, or we may not have sufficient funds to exercise such options even if desire to do so. Significant losses related to mezzanine or similar loan investments could have a material adverse effect on our financial condition and results of operations.

Our growth depends on external sources of capital that are outside of our control and may not be available to us on commercially reasonable terms or at all, which could limit our ability to, among other things, meet our capital and operating needs or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

In order to maintain our qualification as a REIT, we are required under the Code to, among other things, distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, we will be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our REIT taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary capital expenditures, from operating cash flow. Consequently, we intend to rely on third-party sources to fund our capital needs. We may not be able to obtain such financing on favorable terms or at all and any additional debt we incur will increase our leverage and likelihood of default. Our access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market's perception of our growth potential;
- our current debt levels;

- our current and expected future earnings;
- our cash flow and cash distributions; and the market price per share of our common stock.

If we cannot obtain capital from third-party sources, we may not be able to acquire or develop properties when strategic opportunities exist, meet the capital and operating needs of our existing properties, satisfy our debt service obligations or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

We may not be able to sustain our growth rate level.

Since our inception, we have achieved significant growth in our portfolio and results of operations. We may not be able to sustain this level of growth, and over time we may experience a decline in our growth rate as a result of various factors, including our ability to successfully acquire and develop retail, office and multifamily properties, changes in the economic and other conditions in geographic markets in which we conduct business, changes in the real estate market generally, the competitiveness of the real estate market and the other risks discussed in this section, which could adversely affect the market price of our common stock.

Risks Related to Our Third-Party Construction Business

Adverse economic and regulatory conditions, particularly in the Mid-Atlantic region, could adversely affect our construction and development business, which could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Our third-party construction activities have been, and are expected to continue to be, primarily focused in the Mid-Atlantic region, although we have also undertaken construction projects in various states in the Southeast, Northeast and Midwest regions of the United States. As a result of our concentration of construction projects in the Mid-Atlantic region of the United States, we are particularly susceptible to adverse economic or other conditions in this market (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, relocations of businesses, labor disruptions and the costs of complying with governmental regulations or increased regulation), as well as to natural disasters that occur in this region. We cannot assure you that our target markets will support construction and development projects of the type in which we typically engage. While we have the ability to provide a wide range of development and construction services, any adverse economic or real estate developments in the Mid-Atlantic region could materially adversely affect our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

There can be no assurance that all of the projects for which our construction business is engaged as general contractor will be commenced or completed in their entirety in accordance with the anticipated cost, or that we will achieve the financial results we expect from the construction of such properties, which could materially adversely affect our cash flows, results of operations and growth prospects.

Our construction business earns profit for serving as general contractor equal to the difference between the total construction fees that we charge and the costs that we incur to build a property. If the decision is made by a third-party client to abandon a construction project for any reason, our anticipated fee revenue from such project could be significantly lower than we expect. In addition, we defer pre-contract costs when such costs are directly associated with specific anticipated construction contracts and their recovery is deemed probable. In the event that we determine that the execution of a construction contract is no longer probable, we would be required to expense those pre-contract costs in the period in which such determination is made, which could materially and adversely affect our results of operations in such period. Our ability to complete the projects in our construction pipeline on time and on budget could be materially adversely affected as a result of the following factors, among others:

- shortages of subcontractors, equipment, materials or skilled labor;
- unscheduled delays in the delivery of ordered materials and equipment;
- unanticipated increases in the cost of equipment, labor and raw materials;
- unforeseen engineering, environmental or geological problems;
- weather interferences;

- difficulties in obtaining necessary permits or in meeting permit conditions;
- client acceptance delays; or
- work stoppages and other labor disputes.

If we do not complete construction projects on time and on budget, it could have a material adverse effect on us, including our cash flows, results of operations and growth prospects.

Our dependence on third-party subcontractors and equipment and material providers could result in material shortages and project delays and could reduce our profits or result in project losses, which could materially adversely affect our financial condition, results of operations and cash flow.

Because our construction business provides general contracting services, we rely on third-party subcontractors and equipment and material providers. For example, we procure equipment and construction materials as needed when engaged in large construction projects. To the extent that we cannot engage subcontractors or acquire equipment and materials at reasonable costs or if the amount we are required to pay for subcontractors or equipment exceeds our estimates, our ability to complete a construction project in a timely fashion or at a profit may be impaired. In addition, if a subcontractor or a manufacturer is unable to deliver its services, equipment or materials according to the negotiated terms for any reason, including the deterioration of its financial condition, we may be required to purchase the services, equipment or materials from another source at a higher price. Additionally, while our construction contracts generally provide that our obligation to pay subcontractors is expressly made subject to the condition precedent that we shall have first received payment, we cannot assure you that these so called “pay-if-paid” or “pay-when-paid” provisions will be recognized in all jurisdictions in which we do business, or that a subcontractor or payment bond surety may not otherwise be entitled to payment or to record a lien on the affected property. In such event, we may be required to pay a payment bond surety or the subcontractors we engage even though we have yet to receive our fees as general contractor. This may reduce the profit to be realized or result in a loss on a project for which the services, equipment or materials are needed, which may materially adversely affect us, including our financial condition, results of operations and cash flow.

Our construction business recognizes certain revenue on a percentage-of-completion basis and upon the achievement of contractual milestones, and any delay or cancellation of a construction project could materially adversely affect our cash flows and results of operations.

Our construction business recognizes certain revenue on a percentage-of-completion basis and, as a result, revenue from our construction business is driven by the performance of our contractual obligations. The percentage-of-completion method of accounting is inherently subjective because it relies on estimates of total project cost as a basis for recognizing revenue and profit. Accordingly, revenue and profit recognized under the percentage-of-completion method is potentially subject to adjustments in subsequent periods based on refinements in the estimated cost to complete a project, which could result in a reduction or reversal of previously recorded revenues and profits. In addition, delays in, or the cancellation of, any particular construction project could adversely impact our ability to recognize revenue in a particular period. Furthermore, changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income in the period in which they are determined. If any of the foregoing were to occur, it could have a material adverse effect on our cash flows and results of operations.

Construction project sites are inherently dangerous workplaces, and, as a result, our failure to maintain safe construction project sites could result in deaths or injuries, reduced profitability, the loss of projects or clients and possible exposure to litigation, any of which could materially adversely affect our financial condition, results of operations, cash flow and reputation.

Construction and maintenance sites often put our employees, employees of subcontractors, our tenants and members of the public in close proximity with mechanized equipment, moving vehicles, chemical and manufacturing processes and highly regulated materials. On many sites, we are responsible for safety and, accordingly, must implement safety procedures. If we fail to implement these procedures or if the procedures we implement are ineffective, we may suffer the loss of or injury to our employees, fines or expose our tenants and members of the public to potential injury, thereby creating exposure to litigation. As a result, our failure to maintain adequate safety standards could result in reduced profitability or the loss of projects, clients and tenants, which may materially adversely affect our financial condition, results of operations, cash flow and our reputation.

Supply shortages and other risks associated with demand for skilled labor could increase construction costs and delay performance of our obligations under construction contracts, which could materially adversely affect the profitability of our construction business, our cash flow and results of operations.

There is a high level of competition in the construction industry for skilled labor. Increased costs, labor shortages or other disruptions in the supply of skilled labor, such as carpenters, roofers, electricians and plumbers, could cause increases in construction costs and construction delays. We may not be able to pass on increases in construction costs because of market conditions or negotiated contractual terms. Sustained increases in construction costs due to competition for skilled labor and delays in performance under construction contracts may materially adversely affect the profitability of our construction business, our financial condition, results of operations and cash flow.

Our failure to successfully and profitably bid on construction contracts could materially adversely affect our results of operations and cash flow.

Many of the costs related to our construction business, such as personnel costs, are fixed and are incurred by us irrespective of the level of activity of our construction business. The success of our construction business depends, in part, on our ability to successfully and profitably bid on construction contracts for private and public sector clients. Contract proposals and negotiations are complex and frequently involve a lengthy bidding and selection process, which can be impacted by a number of factors, many of which are outside our control, including market conditions, financing arrangements and required governmental approvals. If we are unable to maintain a consistent backlog of third-party construction contracts, our results of operations and cash flow could be materially adversely affected.

If we fail to timely complete a construction project, miss a required performance standard or otherwise fail to adequately perform on a construction project, we may incur losses or financial penalties, which could materially adversely affect our financial condition, results of operations, cash flow and reputation.

We may contractually commit to a construction client that we will complete a construction project by a scheduled date at a fixed cost. We may also commit that a construction project, when completed, will achieve specified performance standards. If the construction project is not completed by the scheduled date or fails to meet required performance standards, we may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late completion or failure to achieve the required performance standards. In addition, completion of projects can be adversely affected by a number of factors beyond our control, including unavoidable delays from governmental inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials, availabilities of subcontractors, changes in the project scope of services requested by our clients, industrial accidents, environmental hazards, labor disruptions and other factors. In some cases, if we fail to meet required performance standards or milestone requirements, we may also be subject to agreed-upon financial damages in the form of liquidated damages, which are determined pursuant to the contract governing the construction project. To the extent that these events occur, the total costs of the project could exceed our estimates and our contracted cost and we could experience reduced profits or, in some cases, incur a loss on a project, which may materially adversely affect our financial condition, results of operations and cash flow. Failure to meet performance standards or complete performance on a timely basis could also adversely affect our reputation.

Unionization or work stoppages could have a material adverse effect on us.

From time to time, our construction business and the subcontractors we engage may use unionized construction workers, which requires us to pay the prevailing wage in a jurisdiction to such workers. Due to the highly labor-intensive and price-competitive nature of the construction business, the cost of unionization or prevailing wage requirements for new developments could be substantial, which could adversely affect our profitability. In addition, the use of unionized construction workers could cause us to become subject to organized work stoppages, which would materially adversely affect our ability to meet our construction timetables and could significantly increase the cost of completing a construction project.

Risks Related to Our Development Business and Property Acquisitions

Our failure to establish new development relationships with public partners and expand our development relationships with existing public partners could have a material adverse effect on us, including our cash flows, results of operations and growth prospects.

Our growth strategy depends significantly on our ability to leverage our extensive experience in completing large, complex, mixed-use public/private projects to establish new relationships with public partners and expand our relationships with existing public partners. Future increases in our revenues may depend significantly on our ability to expand the scope of

the work we do with the state and local government agencies with which we currently have partnered and attract new state and local government agencies to undertake public/private development projects with us. Our ability to obtain new work with state and local governmental authorities on new public/private development and financing partnerships could be adversely affected by several factors, including decreases in state and local budgets, changes in administrations, the departure of government personnel with whom we have worked and negative public perceptions about public/private partnerships. In addition, to the extent that we engage in public/private partnerships in states or local communities in which we have not previously worked, we could be subject to risks associated with entry into new markets, such as lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures. If we fail to establish new relationships with public partners and expand our relationships with existing public partners, it could have a material adverse effect on our growth prospects.

We may be unable to identify and complete development opportunities and acquisitions of properties that meet our investment criteria, which may materially adversely affect our financial condition, results of operations, cash flow and growth prospects.

Our business and growth strategy involves the development and selective acquisition of office, retail and multifamily properties. We may expend significant management time and other resources, including out-of-pocket costs, in pursuing these investment opportunities. Our ability to complete development projects or acquire properties on favorable terms, or at all, may be exposed to the following significant risks:

- we may incur significant costs and divert management attention in connection with evaluating and negotiating potential development opportunities and acquisitions, including those that we are subsequently unable to complete;
- agreements for the development or acquisition of properties are subject to conditions, which we may be unable to satisfy; and
- we may be unable to obtain financing on favorable terms or at all.

If we are unable to identify attractive investment opportunities and successfully develop new properties, our financial condition, results of operations, cash flow and growth prospects could be materially adversely affected.

The risks associated with land holdings and related activities could have a material adverse effect on us, including our results of operations.

We hold options to acquire undeveloped parcels of land for future development and may in the future acquire additional land holdings for development. The risks inherent in purchasing, owning, and developing land increase as demand or rental rates for office, retail or multifamily properties decreases. Real estate markets are highly uncertain and volatile and, as a result, the value of undeveloped land has fluctuated significantly and may continue to fluctuate. In addition, carrying costs, including interest and other pre-development costs, can be significant and can result in losses or reduced profitability. If there are subsequent changes in the fair value of our undeveloped land holdings that cause us to determine that the fair value of our undeveloped land holdings is less than their carrying basis reflected in our financial statements plus estimated costs to sell, we may be required to take future impairment charges which would reduce our net income and could materially and adversely affect our results of operations.

The success of our activities to design, construct and develop properties in which we will retain an ownership interest is dependent, in part, on the availability of suitable undeveloped land at acceptable prices as well as our having sufficient liquidity to fund investments in such undeveloped land and subsequent development.

Our success in designing, constructing and developing projects for our own account depends, in part, upon the continued availability of suitable undeveloped land at acceptable prices. The availability of undeveloped land for purchase at favorable prices depends on a number of factors outside of our control, including the risk of competitive over-bidding on land and governmental regulations that restrict the potential uses of land. If the availability of suitable land opportunities decreases, the number of development projects we may be able to undertake could be reduced. In addition, our ability to make land purchases will depend upon us having sufficient liquidity or access to external sources of capital to fund such purchases. Thus, the lack of availability of suitable land opportunities and insufficient liquidity to fund the purchases of any such available land opportunities could have a material adverse effect on our results of operations and growth prospects.

Our real estate development activities are subject to risks particular to development, such as unanticipated expenses, delays and other contingencies, any of which could materially adversely affect us, including our financial condition, results of operations and cash flow.

We engage in development and redevelopment activities and will be subject to the following risks associated with such activities:

- unsuccessful development or redevelopment opportunities could result in direct expenses to us and cause us to incur losses;
- construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable;
- occupancy rates and rents of a completed project may not be sufficient to make the project profitable; and
- the availability and pricing of financing to fund our development activities on favorable terms or at all.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development or redevelopment activities once undertaken, any of which could have an adverse effect on our financial condition, results of operations and cash flow.

There can be no assurance that all of the properties in our development pipeline will be completed in their entirety in accordance with the anticipated cost, or that we will achieve the results we expect from the development of such properties, which could materially adversely affect our growth prospects, financial condition and results of operations.

The development of the projects in our development pipeline are subject to numerous risks, many of which are outside of our control. The cost necessary to complete the development of our development pipeline could be materially higher than we anticipate. Because we generally intend to commence the construction phase of an office or retail project for our own account only where a substantial percentage of the commercial space is pre-leased, we could decide not to undertake construction on one or more of the projects in our development pipeline if our pre-leasing efforts are unsuccessful. Furthermore, if we are delayed in the completion of any development project, tenants may have the right to terminate pre-development leases, which could materially adversely affect the financial viability of the project. In addition, even if we decide to commence construction on a project, we can provide no assurances that we will complete any of the projects in our development pipeline on the anticipated schedule, or that, once completed, the properties in our development pipeline will achieve the results that we expect. If the development of the projects in our development pipeline is not completed in accordance with our anticipated timing or at the anticipated cost, or the properties fail to achieve the financial results we expect, it could have a material adverse effect on our growth prospects, financial condition and results of operations.

Our option properties are subject to various risks, and we may not be able to acquire them.

We have options to acquire from certain of our officers and directors certain parcels of developable land. These parcels are exposed to many of the same risks that may affect the other properties in our portfolio. The terms of the option agreements relating to these parcels were not determined by arm's-length negotiations, and such terms may be less favorable to us than those that may have been obtained through negotiations with third parties. In addition, it may become economically unattractive to exercise our options with respect to these parcels, which could cause us to decide not to exercise our option to purchase these parcels in the future. In such event, or in the event that the option agreements expire by their terms, the parcels could be sold to one of our competitors without restriction. Because our officers and directors own economic interests in these parcels, our decision to exercise or refrain from exercising such options will create conflicts of interest.

Risks Related to the Real Estate Industry

Our business is subject to risks associated with real estate assets and the real estate industry, which could materially adversely affect our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Our ability to pay expected dividends to our stockholders depends on our ability to generate revenues in excess of expenses, scheduled principal payments on debt and capital expenditure requirements. Events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution and

the value of our properties. These events include many of the risks set forth above under “—Risks Related to Our Business,” as well as the following:

- oversupply or reduction in demand for office, retail or multifamily space in our markets;
- adverse changes in financial conditions of buyers, sellers and tenants of properties;
- vacancies or our inability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options, and the need to periodically repair, renovate and re-lease space;
- increased operating costs, including insurance premiums, utilities, real estate taxes and state and local taxes;
- a favorable interest rate environment that may result in a significant number of potential residents of our multifamily apartment communities deciding to purchase homes instead of renting;
- rent control or stabilization laws, or other laws regulating rental housing, which could prevent us from raising rents to offset increases in operating costs;
- civil unrest, acts of war, terrorist attacks and natural disasters, including hurricanes, which may result in uninsured or underinsured losses;
- decreases in the underlying value of our real estate;
- changing submarket demographics; and
- changing traffic patterns.

In addition, periods of economic downturn or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases, which could materially adversely affect our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.

The real estate investments made, and to be made, by us are difficult to sell quickly. As a result, our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited. Return of capital and realization of gains, if any, from an investment generally will occur upon disposition or refinancing of the underlying property. We may be unable to realize our investment objectives by disposition or refinancing at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, our ability to dispose of one or more properties within a specific time period is subject to certain limitations imposed by our tax protection agreements, as well as weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located.

In addition, the Code imposes restrictions on a REIT’s ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs effectively require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of properties that otherwise would be in our best interests. Therefore, we may not be able to vary our portfolio in response to economic or other conditions promptly or on favorable terms.

Our property taxes could increase due to property tax rate changes or reassessment, which would adversely impact our cash flows.

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay some state and local taxes on our properties. The real property taxes on our properties may increase as property tax rates change or as our properties are assessed or reassessed by taxing authorities. Therefore, the amount of property taxes we pay in the future may increase

substantially from what we have paid in the past. If the property taxes we pay increase, our cash flow would be adversely impacted, and our ability to pay dividends to our stockholders could be adversely affected.

As an owner of real estate, we could incur significant costs and liabilities related to environmental matters.

Under various federal, state and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste or petroleum products at, on, in, under or migrating from such property, including costs to investigate and clean up such contamination and liability for harm to natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. These liabilities could be substantial and the cost of any required remediation, removal, fines or other costs could exceed the value of the property and our aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability for costs of remediation and personal or property damage or materially adversely affect our ability to sell, lease or develop our properties or to borrow using the properties as collateral. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures. See “Part I—Business—Regulation.”

Some of our properties have been or may be impacted by contamination arising from current or prior uses of the property, or adjacent properties, for commercial or industrial purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials. For example, some of the tenants of properties in our retail portfolio operate gas stations or other businesses that utilize storage tanks to store petroleum products, propane or wastes typically associated with automobile service or other operations conducted at the properties, and spills or leaks of hazardous materials from those storage tanks could expose us to liability. See “Part I—Business—Regulation—Environmental Matters.” In addition to the foregoing, while we obtained Phase I Environmental Site Assessments for each of the properties in our portfolio, the assessments are limited in scope and may have failed to identify all environmental conditions or concerns. For example, they do not generally include soil sampling, subsurface investigations or hazardous materials survey. Furthermore, we do not have current Phase I Environmental Site Assessment reports for all of the properties in our portfolio and, as such, may not be aware of all potential or existing environmental contamination liabilities at the properties in our portfolio. As a result, we could potentially incur material liability for these issues.

As the owner of the buildings on our properties, we could face liability for the presence of hazardous materials, such as asbestos or lead, or other adverse conditions, such as poor indoor air quality, in our buildings. Environmental laws govern the presence, maintenance, and removal of hazardous materials in buildings, and if we do not comply with such laws, we could face fines for such noncompliance. Also, we could be liable to third parties, such as occupants of the buildings, for damages related to exposure to hazardous materials or adverse conditions in our buildings, and we could incur material expenses with respect to abatement or remediation of hazardous materials or other adverse conditions in our buildings. In addition, some of our tenants routinely may handle and use hazardous or regulated substances and wastes as part of their operations at our properties, which are subject to regulation. Such environmental and health and safety laws and regulations could subject us or our tenants to liability resulting from these activities. Environmental liabilities could affect a tenant’s ability to make rental payments to us, and changes in laws could increase the potential liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect our operations, or those of our tenants, which could in turn have an adverse effect on us. If we incur material environmental liabilities in the future, we may face significant remediation costs, and we may find it difficult to sell any affected properties.

Our properties may contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs of remediation.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury is alleged to have occurred.

We may incur significant costs complying with various federal, state and local laws, regulations and covenants that are applicable to our properties.

Properties are subject to various covenants and federal, state and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or restrict our use of our properties and may require us to obtain approval from local officials of community standards organizations at any time with respect to our properties, including prior to developing or acquiring a property or when undertaking renovations of any of our existing properties. Among other things, these restrictions may relate to fire and safety, seismic or hazardous material abatement requirements. There can be no assurance that existing laws and regulatory policies will not adversely affect us or the timing or cost of any future development, acquisitions or renovations, or that additional regulations will not be adopted that increase such delays or result in additional costs. Our growth strategy may be affected by our ability to obtain permits, licenses and zoning relief.

In addition, federal and state laws and regulations, including laws such as the ADA and the Fair Housing Amendment Act of 1988 (“FHAA”), impose further restrictions on our properties and operations. Under the ADA and the FHAA, all public accommodations must meet federal requirements related to access and use by disabled persons. Some of our properties may currently be in non-compliance with the ADA or the FHAA. If one or more of the properties in our portfolio is not in compliance with the ADA, the FHAA or any other regulatory requirements, we may incur additional costs to bring the property into compliance, incur governmental fines or the award of damages to private litigants or be unable to refinance such properties. In addition, we do not know whether existing requirements will change or whether future requirements will require us to make significant unanticipated expenditures that will adversely impact our financial condition, results of operations and cash flow.

Risks Related to Our Organizational Structure

Daniel Hoffer and his affiliates own, directly or indirectly, a substantial beneficial interest in our company on a fully diluted basis and has the ability to exercise significant influence on our company and our Operating Partnership, including the approval of significant corporate transactions.

As of December 31, 2016, Daniel Hoffer, our Executive Chairman, owned approximately 9% and, collectively, Messrs. Hoffer, Haddad and Kirk owned approximately 15% of the combined outstanding shares of our common stock and OP Units of our Operating Partnership (which OP Units may be redeemable for shares of our common stock). Consequently, these individuals may be able to significantly influence the outcome of matters submitted for stockholder action, including the approval of significant corporate transactions, including business combinations, consolidations and mergers.

Conflicts of interest may exist or could arise in the future between the interests of our stockholders and the interests of holders of units in our Operating Partnership, which may impede business decisions that could benefit our stockholders.

Conflicts of interest may exist or could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our Operating Partnership or any partner thereof, on the other. Our directors and officers have duties to our company under Maryland law in connection with their management of our company. At the same time, we, as the general partner of our Operating Partnership, have fiduciary duties and obligations to our Operating Partnership and its limited partners under Virginia law and the partnership agreement of our Operating Partnership in connection with the management of our Operating Partnership. Our fiduciary duties and obligations as the general partner of our Operating Partnership may come into conflict with the duties of our directors and officers to our company. Messrs. Hoffer, Haddad and Kirk own a significant interest in our Operating Partnership as limited partners and may have conflicts of interest in making decisions that affect both our stockholders and the limited partners of our Operating Partnership.

Under Virginia law, a general partner of a Virginia limited partnership has fiduciary duties of loyalty and care to the partnership and its partners and must discharge its duties and exercise its rights as general partner under the partnership agreement or Virginia law consistently with the obligation of good faith and fair dealing. The partnership agreement provides that, in the event of a conflict between the interests of our Operating Partnership or any partner, on the one hand, and the separate interests of our company or our stockholders, on the other hand, we, in our capacity as the general partner of our Operating Partnership, are under no obligation not to give priority to the separate interests of our company or our stockholders, and that any action or failure to act on our part or on the part of our directors that gives priority to the separate interests of our company or our stockholders that does not result in a violation of the contract rights of the limited partners of the Operating

Partnership under its partnership agreement does not violate the duty of loyalty that we, in our capacity as the general partner of our Operating Partnership, owe to the Operating Partnership and its partners.

Additionally, the partnership agreement provides that we will not be liable to the Operating Partnership or any partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by the Operating Partnership or any limited partner, except for liability for our intentional harm or gross negligence. Our Operating Partnership must indemnify us, our directors and officers and our designees from and against any and all claims that relate to the operations of our Operating Partnership, unless: (i) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) the person actually received an improper personal benefit in violation or breach of the partnership agreement or (iii) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. Our Operating Partnership must also pay or reimburse the reasonable expenses of any such person upon its receipt of a written affirmation of the person's good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification. Our Operating Partnership will not indemnify or advance funds to any person with respect to any action initiated by the person seeking indemnification without our approval (except for any proceeding brought to enforce such person's right to indemnification under the partnership agreement) or if the person is found to be liable to our Operating Partnership on any portion of any claim in the action.

We may be subject to unknown or contingent liabilities related to acquired properties and properties that we may acquire in the future, which could have a material adverse effect on us.

Properties that we have acquired, and properties that we may acquire in the future, may be subject to unknown or contingent liabilities for which we may have no recourse, or only limited recourse, against the sellers. In general, the representations and warranties provided under the transaction agreements related to the purchase of properties that we acquire may not survive the completion of the transactions. Furthermore, indemnification under such agreements may be limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses. As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with these properties may exceed our expectations, and we may experience other unanticipated adverse effects, all of which may materially and adversely affect us.

Our charter contains certain provisions restricting the ownership and transfer of our stock that may delay, defer or prevent a change of control transaction that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Our charter contains certain ownership limits with respect to our stock. Our charter, among other restrictions, prohibits the beneficial or constructive ownership by any person of more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our stock, excluding any shares that are not treated as outstanding for federal income tax purposes. Our board of directors, in its sole and absolute discretion, may exempt a person, prospectively or retroactively, from this ownership limit if certain conditions are satisfied. This ownership limit as well as other restrictions on ownership and transfer of our stock in our charter may:

- discourage a tender offer or other transactions or a change in management or of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests; and
- result in the transfer of shares acquired in excess of the restrictions to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the acquirer of certain of the benefits of owning the additional shares.

We could increase the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval.

Our board of directors, without stockholder approval, has the power under our charter to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue. In addition, under our charter, our board of directors, without stockholder approval, has the power to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and set the preference, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications or

terms or conditions of redemption for such newly classified or reclassified shares. As a result, we may issue series or classes of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of our common stock. Although our board of directors has no such intention at the present time, it could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Certain provisions of Maryland law could inhibit changes of control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Certain provisions of the Maryland General Corporation Law (the “MGCL”), may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- “business combination” provisions that, subject to limitations, prohibit certain business combinations between us and an “interested stockholder” (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting shares or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our then outstanding stock at any time within the two-year period immediately prior to the date in question) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes certain fair price and supermajority stockholder voting requirements on these combinations; and
- “control share” provisions that provide that holders of “control shares” of our company (defined as shares of stock that, when aggregated with other shares of stock controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of issued and outstanding “control shares”) have no voting rights with respect to their control shares, except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

By resolution of our board of directors, we have opted out of the business combination provisions of the MGCL and provided that any business combination between us and any other person is exempt from the business combination provisions of the MGCL, provided that the business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such persons). In addition, pursuant to a provision in our bylaws, we have opted out of the control share provisions of the MGCL. However, our board of directors may by resolution elect to opt in to the business combination provisions of the MGCL and we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL in the future.

Certain provisions of the MGCL permit our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain corporate governance provisions, some of which (for example, a classified board) are not currently applicable to us. If implemented, these provisions may have the effect of limiting or precluding a third party from making an unsolicited acquisition proposal for us or of delaying, deferring or preventing a change in control of us under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then current market price. Our charter contains a provision whereby we elect, at such time as we become eligible to do so, to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on our board of directors.

Certain provisions in the partnership agreement of our Operating Partnership may delay or prevent unsolicited acquisitions of us.

Provisions in the partnership agreement of our Operating Partnership may delay, or make more difficult, unsolicited acquisitions of us or changes of our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some of our stockholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights;

- a requirement that we may not be removed as the general partner of our Operating Partnership without our consent;
- transfer restrictions on OP Units;
- our ability, as general partner, in some cases, to amend the partnership agreement and to cause the Operating Partnership to issue units with terms that could delay, defer or prevent a merger or other change of control of us or our Operating Partnership without the consent of the limited partners; and
- the right of the limited partners to consent to direct or indirect transfers of the general partnership interest, including as a result of a merger or a sale of all or substantially all of our assets, in the event that such transfer requires approval by our common stockholders.

The limited partners in our Operating Partnership owned approximately 31.9% of the outstanding OP Units of our Operating Partnership as of December 31, 2016.

Our tax protection agreements could limit our ability to sell or otherwise dispose of certain properties.

In connection with the formation transactions related to our initial public offering, our Operating Partnership entered into tax protection agreements that provide that if we dispose of any interest in the certain protected properties in a taxable transaction prior to the seventh (or, in a limited number of cases, the tenth) anniversary of the completion of the formation transactions, subject to certain exceptions, we will indemnify certain contributors, including Messrs. Hoffler, Haddad, Kirk and Apperson and their respective affiliates and certain of our other officers, for their tax liabilities attributable to the built-in gain that existed with respect to such property interests as of the time of our initial public offering, and the tax liabilities incurred as a result of such tax protection payment. In addition, in connection with certain acquisitions completed since our initial public offering, we entered into tax protection agreements that require us to indemnify the contributors for their tax liabilities in the event that we dispose of the properties subject to the tax protection agreements, and may enter into similar agreements in connection with future property acquisitions. Therefore, although it may be in our stockholders' best interests that we sell one of these properties, it may be economically prohibitive or unattractive for us to do so because of these obligations. Moreover, as a result of these potential tax liabilities, Messrs. Hoffler, Haddad, Kirk and Apperson and certain of our other officers may have a conflict of interest with respect to our determination as to certain of our properties.

Our tax protection agreements may require our Operating Partnership to maintain certain debt levels that otherwise would not be required to operate our business.

Under our tax protection agreements, our Operating Partnership has agreed to provide certain contributors of properties we have acquired, including Messrs. Hoffler, Haddad, Kirk, Nero and Apperson and their respective affiliates and certain of our other officers, the opportunity to guarantee debt or enter into deficit restoration obligations upon a future repayment, retirement, refinancing or other reduction (other than scheduled amortization) of currently outstanding debt. If we fail to make such opportunities available, we will be required to deliver to each such contributor a cash payment intended to approximate the contributor's tax liability resulting from our failure to make such opportunities available to that contributor and the tax liabilities incurred as a result of such tax protection payment. We agreed to these provisions in order to assist our contributors in deferring the recognition of taxable gain as a result of the contribution of certain properties to us. These obligations may require us to maintain more or different indebtedness than we would otherwise require for our business.

We may pursue less vigorous enforcement of terms of certain agreements with members of our senior management and our affiliates because of our dependence on them and conflicts of interest.

Each of Messrs. Hoffler, Haddad and Kirk, our Executive Chairman of the Board, President and Chief Executive Officer and Vice Chairman of the Board, respectively, were parties to or had interests in contribution agreements with us pursuant to which we acquired interests in our properties and assets. In addition, we have entered into option agreements with certain of our officers and directors, or entities they control, with respect to certain parcels of developable land. We may choose not to enforce, or to enforce less vigorously, our rights under these agreements because of our desire to maintain our ongoing relationships with members of our board of directors and our management, with possible negative impact on stockholders.

Our board of directors may change our strategies, policies and procedures without stockholder approval and we may become more highly leveraged, which may increase our risk of default under our debt obligations.

Our investment, financing, leverage and distribution policies, and our policies with respect to all other activities, including growth, capitalization and operations, will be determined exclusively by our board of directors, and may be amended or revised at any time by our board of directors without notice to or a vote of our stockholders. This could result in us conducting operational matters, making investments or pursuing different business or growth strategies than those contemplated in this Annual Report on Form 10-K. Further, our charter and bylaws do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur. Our board of directors may alter or eliminate our current policy on borrowing at any time without stockholder approval. If this policy changed, we could become more highly leveraged which could result in an increase in our debt service. Higher leverage also increases the risk of default on our obligations. In addition, a change in our investment policies, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure to interest rate risk, real estate market fluctuations and liquidity risk. Changes to our policies with regards to the foregoing could materially adversely affect our financial condition, results of operations and cash flow.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

Under Maryland law, generally, a director will not be liable if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our charter limits the liability of our directors and officers to us and our stockholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated.

Our charter authorizes us to indemnify our directors and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our bylaws require us to indemnify each director and officer, to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to us. In addition, we may be obligated to advance the defense costs incurred by our directors and officers. We have entered into indemnification agreements with each of our executive officers and directors whereby we agreed to indemnify our directors and executive officers to the fullest extent permitted by Maryland law against all expenses and liabilities incurred in their capacity as an officer or director, subject to limited exceptions. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist absent the current provisions in our charter and bylaws or that might exist with other companies.

We are a holding company with no direct operations and, as such, we will rely on funds received from our Operating Partnership to pay liabilities, and the interests of our stockholders will be structurally subordinated to all liabilities and obligations of our Operating Partnership and its subsidiaries.

We are a holding company and conduct substantially all of our operations through our Operating Partnership. We do not have, apart from an interest in our Operating Partnership, any independent operations. As a result, we rely on cash distributions from our Operating Partnership to pay any dividends we might declare on shares of our common stock. We also rely on distributions from our Operating Partnership to meet any of our obligations, including any tax liability on taxable income allocated to us from our Operating Partnership. In addition, because we are a holding company, your claims as a stockholder will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of our Operating Partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our Operating Partnership and its subsidiaries will be available to satisfy the claims of our stockholders only after all of our and our Operating Partnership's and its subsidiaries' liabilities and obligations have been paid in full.

Our Operating Partnership may issue additional OP Units to third parties without the consent of our stockholders, which would reduce our ownership percentage in our Operating Partnership and could have a dilutive effect on the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders.

As of December 31, 2016, we owned 68.1% of the outstanding OP Units in our Operating Partnership. We regularly have issued OP Units to third parties as consideration for acquisitions, and in the future we may continue to do so in the future. Any such future issuances would reduce our ownership percentage in our Operating Partnership and could affect the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders. Because stockholders do not directly own OP Units, you do not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership.

Risks Related to Our Status as a REIT

Failure to qualify as a REIT, or failure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distribution to our stockholders.

We have elected to be taxed and to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 2013. We have not requested and do not plan to request a ruling from the Internal Revenue Service (the “IRS”) that we qualify as a REIT. Therefore, we cannot be assured that we will qualify as a REIT, or that we will remain qualified as such in the future. If we fail to qualify as a REIT or otherwise lose our REIT status in any taxable year, we will face serious tax consequences that would substantially reduce the funds available for distribution to our stockholders for each of the years involved because:

- we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to U.S. federal income tax at regular corporate rates;
- we could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and
- unless we are entitled to relief under certain U.S. federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

In addition, if we fail to qualify as a REIT, we will no longer be required to make distributions. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect the value of our common stock.

Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flows.

Even if we qualify for taxation as a REIT, we may be subject to certain federal, state and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property and transfer taxes. In addition, our TRS will be subject to regular corporate federal, state and local taxes. Any of these taxes would decrease cash available for distribution to our stockholders.

Failure to make required distributions would subject us to U.S. federal corporate income tax.

We intend to continue to operate in a manner so as to qualify as a REIT for U.S. federal income tax purposes. In order to qualify as a REIT, we generally are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, each year to our stockholders. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under the Code.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and

the ownership of our capital stock. In order to meet these tests, we may be required to forego investments we might otherwise make. Thus, compliance with the REIT requirements may hinder our performance.

In particular, we must ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified real estate assets. The remainder of our investment in securities (other than government securities, securities of TRSs and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities, securities of TRSs and qualified real estate assets) can consist of the securities of any one issuer, and no more than 25% (20% for taxable years beginning after December 31, 2017) of the value of our total assets can be represented by the securities of one or more TRSs. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

The prohibited transactions tax may limit our ability to dispose of our properties.

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property other than foreclosure property, held primarily for sale to customers in the ordinary course of business. We may be subject to the prohibited transaction tax equal to 100% of the net gain upon a disposition of real property. Although a safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction is available, we cannot assure you that we can comply with the safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of our properties or may conduct such sales through our TRS, which would be subject to federal and state income taxation.

We may pay taxable dividends in shares of our common stock and cash, in which case stockholders may sell shares of our common stock to pay tax on such dividends, placing downward pressure on the market price of our common stock.

We may distribute taxable dividends that are payable in cash and common stock at the election of each stockholder. The IRS has issued private letter rulings to other REITs treating certain distributions that are paid partly in cash and partly in stock as taxable dividends that would satisfy the REIT annual distribution requirement and qualify for the dividends paid deduction for U.S. federal income tax purposes. Those rulings may be relied upon only by taxpayers to whom they were issued, but we could request a similar ruling from the IRS. In addition, the IRS previously issued a revenue procedure authorizing publicly traded REITs to make elective cash/stock dividends, but that revenue procedure does not apply to our 2013 and future taxable years. Accordingly, it is unclear whether and to what extent we will be able to make taxable dividends payable in cash and common stock.

If we made a taxable dividend payable in cash and common stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, stockholders may be required to pay income tax with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the common stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. If we made a taxable dividend payable in cash and our common stock and a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock. We do not currently intend to pay taxable dividends of our common stock and cash, although we may choose to do so in the future.

The ability of our board of directors to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders.

Our ownership of our TRS will be subject to limitations and our transactions with our TRS will cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

Overall, no more than 25% (20% for taxable years beginning after December 31, 2017) of the value of a REIT's assets may consist of stock or securities of one or more TRS. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. Furthermore, we will monitor the value of our respective investments in our TRS for the purpose of ensuring compliance with TRS ownership limitations and will structure our transactions with our TRS on terms that we believe are arm's length to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the 25% (20% for taxable years beginning after December 31, 2017) REIT subsidiaries limitation or to avoid application of the 100% excise tax.

You may be restricted from acquiring or transferring certain amounts of our common stock.

The restrictions on ownership and transfer in our charter may inhibit market activity in our capital stock and restrict our business combination opportunities.

In order to qualify as a REIT for each taxable year after 2013, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding stock at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our capital stock under this requirement. Additionally, at least 100 persons must beneficially own our capital stock during at least 335 days of a taxable year for each taxable year after 2013. To help insure that we meet these tests, our charter restricts the acquisition and ownership of shares of our capital stock.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary to preserve our qualification as a REIT. Unless exempted by our board of directors, our charter prohibits any person from beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. Our board of directors may not grant an exemption from this restriction to any proposed transferee whose ownership in excess of 9.8% of the value of our outstanding shares would result in our failing to qualify as a REIT. This restriction as well as other restrictions on transferability and ownership will not apply, however, if our board of directors determines that it is no longer in our best interests to continue to qualify as a REIT.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to "qualified dividend income" payable to U.S. stockholders that are taxed at individual rates is 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates on qualified dividend income. The more favorable rates applicable to regular corporate qualified dividends could cause investors who taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock.

Changes to the U.S. federal income tax laws, including the enactment of certain proposed tax reform measures, could have an adverse impact on our business and financial results.

Numerous changes to the U.S. federal income tax laws are proposed regularly. Moreover, legislative and regulatory changes may be more likely in the 115th Congress because the Presidency and such Congress will be controlled by the same political party and significant reform of the Code has been described publicly as a legislative priority. Additionally, the REIT rules are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department, which may result in revisions to regulations and interpretations in addition to statutory changes. If enacted, certain such changes could have an adverse impact on our business and financial results. For example, certain proposals set forth in Trump administration and House Republican tax plans could reduce the relative competitive advantage of operating as a REIT unless accompanied by responsive changes to the REIT rules. These proposals include: the lowering of income tax rates on individuals and corporations, which could ease the burden of double taxation on corporate dividends and make the single level of taxation on REIT distributions relatively less attractive; allowing the expensing of capital expenditures, which could have a similar impact and also could result in the bunching of taxable income and required distributions for REITs; and further limiting or eliminating the deductibility of interest expense, which could disrupt the real estate market and could increase the amount of REIT taxable income that must be distributed as dividends to shareholders.

We cannot predict whether, when or to what extent new U.S. federal tax laws, regulations, interpretations or rulings will be issued, nor is the long-term impact of proposed tax reforms on the real estate investment industry or REITs clear. Prospective investors are urged to consult their tax advisors regarding the effect of potential changes to the U.S. federal tax laws on an investment in our shares.

The period during which a REIT is subject to tax in respect of built-in gains recognized on property acquired from a C corporation is currently uncertain.

On June 7, 2016, the U.S. Treasury Department issued temporary Regulations which temporarily extended the period during which a REIT is subject to tax in respect of built-in gains recognized on property acquired from a C corporation from five years to ten years. This extension only applied to assets with built-in gains acquired on or after August 8, 2016 and was set to expire on June 7, 2019. On January 18, 2017, the U.S. Treasury Department issued final Regulations to shorten the ten-year period back to a five-year period for assets with built-in gains acquired on or after February 17, 2017, and to permit taxpayers to apply the five-year period for assets with built-in gains acquired on or after August 8, 2016 and on or before February 17, 2017. Pursuant to these final Regulations, if we acquire any asset from a C corporation, or a corporation that generally is subject to full corporate level tax, in a merger or other transaction in which we acquire a basis in the asset that is determined by reference either to the C corporation's basis in the asset or to another asset, we will pay tax at the highest U.S. federal corporate income tax rate applicable if we recognize gain on the sale or disposition of the asset during the five-year period after we acquire the asset. However, on January 20, 2017, White House Chief of Staff Reince Preibus issued a Memorandum for the Heads of Executive Departments and Agencies (the "Regulatory Freeze Memorandum"), effective January 18, 2017, ordering agencies to temporarily postpone for 60 days the effective date of certain regulations; the effect of the Regulatory Freeze Memorandum, if any, on the final Regulations described above remains unclear.

If our Operating Partnership failed to qualify as a partnership for federal income tax purposes, we would cease to qualify as a REIT and suffer other adverse consequences.

We believe that our Operating Partnership will be treated as a partnership for federal income tax purposes. As a partnership, our Operating Partnership will not be subject to federal income tax on its income. Instead, each of its partners, including us, will be allocated, and may be required to pay tax with respect to, its share of our Operating Partnership's income. We cannot assure you, however, that the IRS will not challenge the status of our Operating Partnership or any other subsidiary partnership in which we own an interest as a partnership for federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our Operating Partnership or any such other subsidiary partnership as an entity taxable as a corporation for federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, we would likely cease to qualify as a REIT. Also, the failure of our Operating Partnership or any subsidiary partnerships to qualify as a partnership could cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

To maintain our REIT status, we may be forced to borrow funds during unfavorable market conditions, and the unavailability of such capital on favorable terms at the desired times, or at all, may cause us to curtail our investment activities or dispose of assets at inopportune times or on unfavorable terms, which could materially adversely affect our financial condition, results of operations and cash flow.

To qualify as a REIT, we generally must distribute to our stockholders at least 90% of our REIT taxable income each year, excluding net capital gains, and we will be subject to regular corporate income taxes to the extent that we distribute less than 100% of our REIT taxable income each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. In order to maintain our REIT status and avoid the payment of income and excise taxes, we may need to borrow funds to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from, among other things, differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required principal or amortization payments. These sources, however, may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of factors, including the market's perception of our growth potential, our current debt levels, the market price of our common stock, and our current and potential future earnings. We cannot assure you that we will have access to such capital on favorable terms at the desired times, or at all, which may cause us to curtail our investment activities or dispose of assets at inopportune times or on unfavorable terms, which could materially adversely affect our financial condition, results of operations and cash flows.

Risks Related to Our Common Stock

We may be unable to make distributions at expected levels, which could result in a decrease in the market price of our common stock.

We intend to continue to pay regular quarterly distributions to our stockholders. All distributions will be made at the discretion of our board of directors and will be based upon, among other factors, our historical and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, capital expenditure and other expense obligations, debt covenants, contractual prohibitions or other limitations and applicable law and such other matters as our board of directors may deem relevant from time to time. If sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital, borrow to provide funds for such distributions, or reduce the amount of such distributions. To the extent we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been. If cash available for distribution generated by our assets is less than our current estimate, or if such cash available for distribution decreases in future periods from expected levels, our inability to make the expected distributions could result in a decrease in the market price of our common stock.

Our ability to make distributions may also be limited by our credit facility. Under the terms of the credit facility, our ability to make distributions during any twelve-month period is limited to the greater of (1) 95% of our adjusted funds from operations (as defined in the credit agreement) or (2) the amount required for us to (a) maintain our REIT status and (b) avoid the payment of federal or state income or excise tax. In addition, if a default or events of default exist or would result from a distribution, we are precluded from making certain distributions other than those required to allow us to maintain our status as a REIT.

As a result of the foregoing, we may not be able to make distributions in the future, and our inability to make distributions, or to make distributions at expected levels, could result in a decrease in the market price of our common stock.

The market price and trading volume of our common stock may be volatile and could decline substantially in the future.

The market price of our common stock may be volatile in the future. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. We cannot assure stockholders that the market price of our common stock will not fluctuate or decline significantly in the future, including as a result of factors unrelated to our operating performance or prospects in 2017 compared to 2016. In particular, the market price of our common stock could be subject to wide fluctuations in response to a number of factors, including, among others, the following:

- actual or anticipated variations in our quarterly operating results or dividends;
- changes in our FFO or earnings estimates;
- publication of research reports about us or the real estate industry;
- increases in market interest rates that lead purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- speculation in the press or investment community;
- the realization of any of the other risk factors presented in this Annual Report on Form 10-K;
- the extent of investor interest in our securities;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;

- changes in the federal government, particularly with respect to the new political administration;
- our underlying asset value;
- investor confidence in the stock and bond markets generally;
- changes in tax laws;
- future equity issuances;
- failure to meet earnings estimates;
- failure to meet and maintain REIT qualifications;
- changes in our credit ratings; and
- general market and economic conditions.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material adverse effect on us, including our financial condition, results of operations, cash flow and the per share trading price of our common stock.

Increases in market interest rates may have an adverse effect on the trading prices of our common stock as prospective purchasers of our common stock may expect a higher dividend yield and as an increased cost of borrowing may decrease our funds available for distribution.

One of the factors that will influence the trading prices of our common stock will be the dividend yield on the common stock (as a percentage of the price of our common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our common stock to expect a higher dividend yield (with a resulting decline in the trading prices of our common stock) and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decrease.

The number of shares of our common stock available for future issuance or sale could materially adversely affect the per share trading price of our common stock.

As of February 28, 2017, there were 37,588,278 shares of our common stock outstanding. In addition, as of February 28, 2017, there were 17,858,610 OP Units in our Operating Partnership outstanding, of which 16,583,610 OP Units are currently redeemable at the option of the holders, 1,000,000 OP Units will become redeemable by the holders on July 10, 2017 and 275,000 OP Units will become redeemable by the holders on January 10, 2018, in each case, for cash, or at our option, for shares of our common stock, on a one-for-one basis. We have an effective resale shelf registration statement pursuant to which we may issue freely tradeable shares of our common stock upon redemption of such OP Units. Accordingly, a substantial number of shares of our common stock could be issued in the future pursuant to such resale shelf registration statement. In addition, we have an effective shelf registration statement covering the possible resale, from time to time, of up to 2,000,000 shares of our common stock that were issued in connection with our acquisition of a stabilized retail asset on October 13, 2016. The sale of such shares, or the perception that such sale may occur, could materially and adversely affect the per share trading price of our common stock. In addition, as of the date hereof, 218,050 shares of our common stock and other equity-based awards were available for issuance in the future under our 2013 Equity Incentive Plan.

We cannot predict whether future issuances or sales of shares of our common stock or the availability of shares for resale in the open market will decrease the per share trading price per share of our common stock. The per share trading price of our common stock may decline significantly when we register the shares of our common stock issuable upon redemption of outstanding OP Units.

The issuance of substantial numbers of shares of equity securities, including OP Units, or the perception that such issuances might occur could materially adversely affect us, including the per share trading price of shares of our common stock.

The redemption of OP Units for common stock, the vesting of any restricted stock granted to certain directors, executive officers and other employees under our 2013 Equity Incentive Plan, the issuance of our common stock or OP Units in connection with future property, portfolio or business acquisitions and other issuances of our common stock could have an adverse effect on the per share trading price of our common stock, and the existence of units, options or shares of our common stock issuable under our 2013 Equity Incentive Plan or upon redemption of OP Units may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future issuances of shares of our common stock or OP Units may be dilutive to existing stockholders.

Future offerings of debt, which would be senior to our common stock upon liquidation, and preferred equity securities, which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may materially adversely affect us, including the per share trading price of our common stock.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities (or causing our Operating Partnership to issue debt securities), including medium-term notes, senior or subordinated notes and classes or series of preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will be entitled to receive our available assets prior to distribution to the holders of our common stock. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Our preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability pay dividends to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk that our future offerings could reduce the per share trading price of our common stock and dilute their interest in us.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The information set forth under the captions “Our Properties” and “Development Pipeline” in Item 1 of this Annual Report on Form 10-K is incorporated by reference herein.

Item 3. Legal Proceedings.

The nature of our business exposes our properties, us and the Operating Partnership to the risk of claims and litigation in the normal course of business. Other than routine litigation arising out of the ordinary course of business, we are not presently subject to any material litigation nor, to our knowledge, is any material litigation threatened against us.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock trades on the NYSE under the symbol "AHH." Below is a summary of the high and low prices of our common stock for each quarterly period in the years ended December 31, 2016 and 2015 and the cash distributions per share declared by us with respect to each period.

2016	High	Low	Distributions Declared
January 1, 2016—March 31, 2016	\$ 11.50	\$ 9.76	\$ 0.18
April 1, 2016—June 30, 2016	13.84	11.15	0.18
July 1, 2016—September 30, 2016	15.50	12.67	0.18
October 1, 2016—December 31, 2016	14.98	12.52	0.18

2015	High	Low	Distributions Declared
January 1, 2015—March 31, 2015	\$ 11.12	\$ 9.44	\$ 0.17
April 1, 2015—June 30, 2015	10.83	9.99	0.17
July 1, 2015—September 30, 2015	10.63	9.50	0.17
October 1, 2015—December 31, 2015	11.60	9.62	0.17

On December 31, 2016 and February 28, 2017, the closing price of our common stock as reported on the NYSE was \$14.57 and \$13.95, respectively.

Stock Performance Graph

The following graph sets forth the cumulative total stockholder return (assuming reinvestment of dividends) to our stockholders during the period May 8, 2013, the date our common stock began trading on the NYSE, through December 31, 2016, as well as the corresponding returns on an overall stock market index (Russell 2000 Index) and a peer group index (MSCI US REIT Index). The stock performance graph assumes that \$100 was invested on May 8, 2013. Historical total stockholder return is not necessarily indicative of future results. The information in this paragraph and the following graph shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, other than as provided in Item 201 of Regulation S-K, or to the liabilities of Section 18 of the Exchange Act, except to the extent we specifically request that such information be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act or the Exchange Act.



Distribution Information

Since our initial quarter as a publicly-traded REIT, we have made regular quarterly distributions to our stockholders. We intend to continue to declare quarterly distributions. However, we cannot provide any assurance as to the amount or timing of future distributions. For a description of restrictions on our ability to make distributions, see “Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facility,” and Note 8, “Indebtedness” to our accompanying consolidated financial statements.

Any future distributions will be at the sole discretion of our board of directors, and their form, timing and amount, if any, will depend upon a number of factors, including our actual and projected financial condition, liquidity, EBITDA, FFO and results of operations, the revenue we actually receive from our properties, our operating expenses, our debt service requirements, our capital expenditures, prohibitions and other limitations under our financing arrangements, as described above, our REIT taxable income, the annual REIT distribution requirements, applicable law and such other factors as our board of directors deems relevant. To the extent that our cash available for distribution is less than 90% of our REIT taxable income, we may consider various means to cover any such shortfall, including borrowing under our credit facility or other loans, selling certain of our assets or using a portion of the net proceeds we receive from offerings of equity, equity-related or debt securities or declaring taxable share dividends.

To the extent that we make distributions in excess of our earnings and profits, as computed for federal income tax purposes, these distributions will represent a return of capital, rather than a dividend, for federal income tax purposes.

Distributions that are treated as a return of capital for federal income tax purposes will reduce the stockholder's basis in its shares (but not below zero) and therefore can result in the stockholder having a higher gain upon a subsequent sale of such shares. Return of capital distributions in excess of a stockholder's basis generally will be treated as gain from the sale of such shares for federal income tax purposes.

Stockholder Information

As of February 28, 2017, there were approximately 103 holders of record of our common stock. However, because many shares of our common stock are held by brokers and other institutions on behalf of stockholders, we believe there are substantially more beneficial holders of our common stock than record holders. As of February 28, 2017, there were 89 holders (other than our company) of our OP units. Our OP units are redeemable for cash or, at our election, for shares of our common stock.

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

During the three months ended December 31, 2016, certain of our employees surrendered shares of common stock owned by them to satisfy their minimum statutory federal and state tax obligations associated with the vesting of restricted shares of common stock issued under our 2013 Equity Incentive Plan. The following table summarizes all of these repurchases during the three months ended December 31, 2016.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid for Shares ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
October 1, 2016 through October 31, 2016	—	\$ —	N/A	N/A
November 1, 2016 through November 30, 2016	98	13.10	N/A	N/A
December 1, 2016 through December 31, 2016	—	—	N/A	N/A
Total	98			

- (1) The number of shares purchased represents shares of common stock surrendered by certain of our employees to satisfy their statutory minimum federal and state tax obligations associated with the vesting of restricted shares of common stock issued under the 2013 Plan. With respect to these shares, the price paid per share is based on the fair value at the time of surrender.

Item 6. Selected Financial Data.

The following selected historical consolidated and combined financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated and combined financial statements as of December 31, 2016 and 2015 and for the three years ended December 31, 2016 and the related notes included elsewhere in this Annual Report on Form 10-K.

We completed our initial public offering on May 13, 2013. Due to the timing of the initial public offering, we present herein certain consolidated and combined historical financial data for us and our predecessor. Our predecessor was not a legal entity, but rather a combination of certain real estate and construction entities. The historical combined financial data for our predecessor is not necessarily indicative of our results of operations, cash flows or financial position following the completion of the initial public offering.

The selected historical consolidated and combined financial information as of and for the years ended December 31, 2016, 2015, 2014, 2013 and 2012 has been derived from our audited historical financial statements. Due to the timing of the initial public offering, the results of operations for the year ended December 31, 2012 reflect only the financial condition and

results of operations of our predecessor. The results of operations for the year ended December 31, 2013 reflect the financial condition and results of operations of our predecessor together with our company.

	Years Ended December 31,				
	2016	2015	2014	2013	2012
	(\$ in thousands, except per share data)				
Operating Data:					
Rental revenues	\$ 99,355	\$ 81,172	\$ 64,746	\$ 57,520	\$ 54,436
General contracting and real estate services revenues	159,030	171,268	103,321	82,516	54,046
Rental expenses	21,904	19,204	16,667	14,025	12,682
Real estate taxes	9,629	7,782	5,743	5,124	4,865
General contracting and real estate services expenses	153,375	165,344	98,754	78,813	50,103
Depreciation and amortization	35,328	23,153	17,569	14,898	12,909
Interest expense	(16,466)	(13,333)	(10,648)	(12,303)	(16,561)
Loss on extinguishment of debt	(82)	(512)	—	(2,387)	—
Gain on real estate dispositions and acquisitions	30,533	18,394	2,211	9,460	—
Income from continuing operations	42,755	31,183	12,759	14,453	8,907
Results from discontinued operations	—	—	—	—	(10)
Net income	\$ 42,755	\$ 31,183	\$ 12,759	\$ 14,453	\$ 8,897
Net income attributable to stockholders	\$ 28,074	\$ 19,642	\$ 7,691	\$ 7,336	
Net income per share—basic and diluted	\$ 0.85	\$ 0.75	\$ 0.36	\$ 0.39	
Cash dividends declared per share	\$ 0.72	\$ 0.68	\$ 0.64	\$ 0.40	
Balance Sheet Data:					
Real estate investments, at cost	\$ 908,287	\$ 633,591	\$ 595,000	\$ 462,976	\$ 354,740
Accumulated depreciation	(139,553)	(125,380)	(116,099)	(105,228)	(92,454)
Net real estate investments	768,734	508,211	478,901	357,748	262,286
Real estate investments held for sale	—	40,232	8,538	—	—
Cash and cash equivalents	21,942	26,989	25,883	18,882	9,400
Notes receivable	59,546	7,825	—	—	—
Construction assets	39,543	36,623	19,704	13,811	11,696
Total assets	\$ 982,468	\$ 689,547	588,022	432,210	329,862
Indebtedness, net	522,180	377,593	356,345	274,673	333,130
Construction liabilities	61,297	54,291	43,452	29,680	21,605
Total liabilities	633,490	463,827	426,116	326,689	371,203
Total equity	348,978	225,720	161,906	105,521	(41,341)
Other Data:					
Funds from operations ⁽¹⁾	\$ 47,980	\$ 35,942	\$ 28,117	\$ 19,806	\$ 21,886
Normalized funds from operations ⁽²⁾	50,921	38,659	28,594	22,812	—
Cash provided by operating activities	59,770	33,086	31,362	22,175	22,326
Cash used for investing activities	(226,461)	(56,381)	(105,306)	(47,947)	(4,702)
Cash provided by (used for) financing activities	161,644	24,401	80,945	35,254	(21,673)

- (1) We calculate funds from operations (“FFO”) in accordance with the standards established by the National Association of Real Estate Investment Trusts, or NAREIT. FFO represents net income (loss) (computed in accordance with U.S. generally accepted accounting principles, or GAAP), excluding gains (or losses) from sales of depreciable operating property, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures. FFO is a supplemental non-GAAP financial measure. Management uses FFO as a supplemental performance measure because it believes that FFO is beneficial to investors as a starting point in

measuring our operational performance. Specifically, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, which do not relate to or are not indicative of operating performance, FFO provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs. However, because FFO excludes real estate related depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effects and could materially impact our results from operations, the utility of FFO as a measure of our performance is limited. In addition, other equity REITs may not calculate FFO in accordance with the NAREIT definition as we do, and, accordingly, our FFO may not be comparable to such other REITs' FFO. Accordingly, FFO should be considered only as a supplement to net income as a measure of our performance. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or service indebtedness. FFO also should not be used as a supplement to or substitute for cash flow from operating activities computed in accordance with GAAP. The following table sets forth a reconciliation of our FFO to net income, the most directly comparable GAAP equivalent, for the periods presented:

	Years Ended December 31,				
	2016	2015	2014	2013	2012
	(\$ in thousands)				
Net income	\$ 42,755	\$ 31,183	\$ 12,759	\$ 14,453	\$ 8,897
Depreciation and amortization	35,328	23,153	17,569	14,898	12,909
Gain loss on real estate dispositions and acquisitions	(30,103)	(18,394)	(2,211)	(9,460)	—
Real estate joint ventures, net	—	—	—	(85)	80
Funds from operations	<u>\$ 47,980</u>	<u>\$ 35,942</u>	<u>\$ 28,117</u>	<u>\$ 19,806</u>	<u>\$ 21,886</u>

(2) Please see calculation of Normalized FFO in "Item 7, Management's Discussion and Analysis-Liquidity and Capital Resources." This data is not available for the year ended December 31, 2012.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

References to "we," "our," "us," and "our company" refer to Armada Hoffer Properties, Inc., a Maryland corporation, together with our consolidated subsidiaries, including Armada Hoffer, L.P., a Virginia limited partnership, of which we are the sole general partner and to which we refer in this Annual Report on Form 10-K as our Operating Partnership.

Business Description

We are a full service real estate company with extensive experience developing, building, owning and managing high-quality, institutional-grade office, retail and multifamily properties in attractive markets throughout the Mid-Atlantic and Southeastern United States. As of December 31, 2016, our operating property portfolio was comprised of 37 retail properties, six office properties and five multifamily properties. In addition to our operating property portfolio, we had two retail properties, two office properties, two one multifamily properties and one mixed-use property in various states of development and stabilization as of December 31, 2016.

As of December 31, 2016, we owned 100% of the interests in all of the properties in our operating property portfolio. Substantially all of our assets are held by, and all of our operations are conducted through, our Operating Partnership. We are the sole general partner of our Operating Partnership and, as of December 31, 2016, we owned, through a combination of direct and indirect interests, 68.1% of the outstanding OP units in our operating partnership.

We elected to be taxed as a REIT for U.S. federal income tax purposes commencing with the taxable year ended December 31, 2013.

Our principal executive office is located at 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462 in the Armada Hoffer Tower at the Virginia Beach Town Center. In addition, we have construction offices located at 249 Central Park Avenue, Suite 300, Virginia Beach, Virginia 23462 and 1300 Thames Street, Suite 30, Baltimore, Maryland 21231. The telephone number for our principal executive office is (757) 366-4000. We maintain a website at www.armadahoffer.com. The information on, or accessible through, our website is not incorporated into and does not constitute a part of this report.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements that have been prepared in accordance with GAAP. The preparation of these financial statements requires us to exercise our best judgment in making estimates that affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. We evaluate our estimates on an ongoing basis, based upon current available information. Actual results could differ from these estimates.

We believe the following accounting policies and estimates are the most critical to understanding our reported financial results as their effect on our financial condition and results of operations is material.

Revenue Recognition

Rental Revenues

We lease our properties under operating leases and recognize base rents on a straight-line basis over the lease term. We also recognize revenue from tenant recoveries, through which tenants reimburse us for expenses paid by us such as utilities, janitorial, repairs and maintenance, security and alarm, parking lot and grounds, general and administrative, management fees, insurance and real estate taxes, on an accrual basis. Our rental revenues are reduced by the amount of any leasing incentives on a straight-line basis over the term of the applicable lease. We include a renewal period in the lease term only if it appears at lease inception that the renewal is reasonably assured. We begin recognizing rental revenue when the tenant has the right to take possession of or controls the physical use of the property under lease. We maintain control of the physical use of the property under lease if we serve as the general contractor for the tenant.

Rental revenue is recognized subject to management's evaluation of tenant credit risk. The extended collection period for accrued straight-line rental revenue along with our evaluation of tenant credit risk may result in the non-recognition of all or a portion of straight-line rental revenue until the collection of such revenue is reasonably assured.

General Contracting and Real Estate Services Revenues

We recognize revenue on construction contracts using the percentage-of-completion method. Using this method, we recognize revenue and an estimated profit as construction contract costs are incurred based on the proportion of incurred costs to total estimated costs under the contract. Provisions for estimated losses on uncompleted contracts are recognized immediately in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the period in which they are determined. We include profit incentives in revenues when their realization is probable and the amount can be reasonably estimated. General contracting and real estate services revenue is recognized subject to management's evaluation of customer credit risk.

Operating Property Acquisitions

In connection with operating property acquisitions, we identify and recognize all assets acquired and liabilities assumed at their estimated fair values as of the acquisition date. The purchase price allocations to tangible assets, such as land, site improvements and buildings and improvements are presented within income producing property in the consolidated balance sheets and depreciated over their estimated useful lives. Acquired lease intangibles are presented within other assets and liabilities in the consolidated balance sheets and amortized over their respective lease terms. The Company amortizes in-place lease assets as depreciation and amortization expense on a straight-line basis over the remaining term of the related leases. We amortize above-market lease assets as reductions to rental revenues on a straight-line basis over the remaining term of the related leases. We amortize below-market lease liabilities as increases to rental revenues on a straight-line basis over the remaining term of the related leases. We amortize below-market ground lease assets as increases to rental expenses on a straight-line basis over the remaining term of the related leases. Prior to October 1, 2016, we expensed all costs incurred related to operating property acquisitions. On October 1, 2016, we adopted newly issued accounting guidance that allows capitalization of costs related to operating property acquisitions.

We value land based on a market approach, looking to recent sales of similar properties, adjusting for differences due to location, the state of entitlement as well as the shape and size of the parcel. Improvements to land are valued using a replacement cost approach. The approach applies industry standard replacement costs adjusted for geographic specific considerations and reduced by estimated depreciation. The value of buildings acquired is estimated using the replacement cost

approach, assuming the buildings were vacant at acquisition. The replacement cost approach considers the composition of the structures acquired, adjusted for an estimate of depreciation. The estimate of depreciation is made considering industry standard information and depreciation curves for the identified asset classes. The value of acquired lease intangibles considers the estimated cost of leasing the properties as if the acquired buildings were vacant, as well as the value of the current leases relative to market-rate leases. The in-place lease value is determined using an estimated total lease-up time and lost rental revenues during such time. The value of current leases relative to market-rate leases is based on market rents obtained for market comparables. Given the significance of unobservable inputs used in the valuation of acquired real estate assets, we classify them as Level 3 inputs in the fair value hierarchy.

We value debt assumed in connection with operating property acquisitions based on a discounted cash flow analysis of the expected cash flows of the debt. Such analysis considers the contractual terms of the debt, including the period to maturity, and uses observable market-based inputs, including interest rate information as of the acquisition date. We also consider credit valuation adjustments for potential nonperformance risk. We classify the inputs used to value debt assumed in connection with operating property acquisitions as Level 2 inputs in the fair value hierarchy as they are predominantly observable and market-based.

Real Estate Project Costs

We capitalize direct and certain indirect costs clearly associated with the development, redevelopment, construction, leasing or expansion of our real estate assets. Capitalized project costs include direct material, labor, subcontract costs, real estate taxes, insurance, utilities, ground rent, interest on borrowing obligations and salaries and related personnel costs.

We capitalize direct and indirect project costs associated with the initial construction or redevelopment of a property up to the time the property is substantially complete and ready for its intended use. We believe the completion of the building shell is the proper basis for determining substantial completion of initial construction.

We also capitalize direct and indirect costs, including interest costs, on vacant space during extended lease-up periods after construction of the building shell has been completed if costs are being incurred to prepare the vacant space for its intended use. If costs and activities incurred to prepare the vacant space for its intended use cease, then cost capitalization is also discontinued until such activities are resumed. Once necessary work has been completed on a vacant space, project costs are no longer capitalized. In addition, all leasing commissions paid to third parties for new leases or lease renewals are capitalized.

We depreciate buildings on a straight-line basis over 39 years and tenant improvements over the shorter of their estimated useful lives or the term of the related lease.

Real Estate Impairment

We evaluate our real estate assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such an evaluation is necessary, we compare the carrying amount of any such real estate asset with the undiscounted expected future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. Our estimate of the expected future cash flows attributable to a real estate asset is based upon, among other things, our estimates regarding future market conditions, rental rates, occupancy levels, tenant improvements, leasing commissions, tenant concessions and assumptions regarding the residual value of our properties. If the carrying amount of a real estate asset exceeds its associated undiscounted expected future cash flows, we recognize an impairment loss to reduce the carrying amount of the real estate asset to its fair value based on marketplace participant assumptions.

Adoption of New or Revised Accounting Standards

As an emerging growth company under the Jumpstart Our Business Startups Act, we can elect to adopt new or revised accounting standards as they are effective for private companies. However, we have elected to opt out of such extended transition period. Therefore, we will adopt new or revised accounting standards as they are effective for public companies. This election is irrevocable.

Segment Results of Operations

As of December 31, 2016, we operated our business in four segments: (i) office real estate, (ii) retail real estate, (iii) multifamily residential real estate and (iv) general contracting and real estate services that are conducted through our taxable REIT subsidiaries (“TRS”). Net operating income (segment revenues minus segment expenses) or “NOI” is the measure used by management to assess segment performance and allocate our resources among our segments. NOI is not a measure of operating income or cash flows from operating activities as measured by GAAP and is not indicative of cash available to fund cash needs. As a result, NOI should not be considered an alternative to cash flows as a measure of liquidity. Not all companies calculate NOI in the same manner. We consider NOI to be an appropriate supplemental measure to net income because it assists both investors and management in understanding the core operations of our real estate and construction businesses. See Note 3 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K for a reconciliation of NOI to net income.

We define same store properties as those that we owned and operated and that were stabilized for the entirety of both periods compared. Same store properties exclude those that were in lease-up during the periods compared. We generally consider a property to be in lease-up until the earlier of: (i) the quarter after the property reaches 80% occupancy or (ii) the thirteenth quarter after the property receives its certificate of occupancy.

Office Segment Data

	Years Ended December 31,		
	2016	2015	2014
	(\$ in thousands)		
Rental revenues	\$ 20,929	\$ 31,534	\$ 27,827
Rental expenses	7,560	9,888	8,710
NOI	\$ 13,369	\$ 21,646	\$ 19,117
Square feet ⁽¹⁾	847,240	916,316	918,162
Occupancy ⁽¹⁾	86.8%	95.8%	95.2%

(1) Stabilized properties as of the end of the periods presented.

Rental revenues for the year ended December 31, 2016 decreased \$10.6 million compared to the year ended December 31, 2015. NOI for the year ended December 31, 2016 decreased \$8.3 million compared to the year ended December 31, 2015. The decreases in rental revenues and NOI resulted from the dispositions of Richmond Tower and Oyster Point, which occurred in the first quarter and third quarter of 2016, respectively.

Rental revenues for the year ended December 31, 2015 increased \$3.7 million compared to the year ended December 31, 2014. NOI for the year ended December 31, 2015 increased \$2.5 million compared to the year ended December 31, 2014. The increases in rental revenues and NOI resulted from the full year operation of 4525 Main Street and our delivery of three new build-to-suit buildings for Oceaneering International and the Commonwealth of Virginia. These increases were partially offset by property dispositions – the Sentara Williamsburg medical office building that we sold in the first quarter of 2015 and the Virginia Natural Gas office building that we sold in the fourth quarter of 2014.

Office Same Store Results

Office same store rental revenues, property expenses and NOI for the comparative years ended December 31, 2016 and 2015 and December 31, 2015 and 2014 were as follows:

	Years Ended			Years Ended		
	December 31,		Change	December 31,		Change
	2016 ⁽¹⁾	2015 ⁽¹⁾		2015 ⁽²⁾	2014 ⁽²⁾	
	(\$ in thousands)					
Rental revenues	\$ 15,476	\$ 15,565	\$ (89)	\$ 24,698	\$ 24,615	\$ 83
Property expenses	5,430	5,709	(279)	8,175	8,140	35
Same Store NOI	\$ 10,046	\$ 9,856	\$ 190	\$ 16,523	\$ 16,475	\$ 48
Non-Same Store NOI	3,323	11,790	(8,467)	5,123	2,642	2,481
Segment NOI	\$ 13,369	\$ 21,646	\$ (8,277)	\$ 21,646	\$ 19,117	\$ 2,529

- (1) Same store excludes 4525 Main Street, the Richmond Tower building, the Oyster Point building, the Oceaneering International building and the Sentara Williamsburg medical office building.
- (2) Same store excludes 4525 Main Street, the two Commonwealth of Virginia buildings, the Oceaneering International building, the Sentara Williamsburg medical office building and the Virginia Natural Gas office building.

Same store rental revenues for the year ended December 31, 2016 decreased slightly compared to the year ended December 31, 2015 because of lower occupancy at One Columbus and Armada Hoffler Tower in the Town Center of Virginia Beach. The decrease in rental revenues was more than offset by decreases in property expenses, specifically utilities, which were lower due to lower usage in 2016.

Same store rental revenues and NOI for the year ended December 31, 2015 increased compared to the year ended December 31, 2014 because of higher occupancy at Two Columbus and Armada Hoffler Tower in the Town Center of Virginia Beach.

Retail Segment Data

	Years Ended December 31,		
	2016	2015	2014
	(\$ in thousands)		
Rental revenues	\$ 56,511	\$ 32,064	\$ 23,956
Rental expenses	14,511	8,843	7,108
NOI	\$ 42,000	\$ 23,221	\$ 16,848
Square feet ⁽¹⁾	3,592,558	1,643,058	1,200,738
Occupancy ⁽¹⁾	95.8%	95.5%	96.4%

- (1) Stabilized properties as of the end of the periods presented.

Rental revenues for the year ended December 31, 2016 increased \$24.4 million compared to the year ended December 31, 2015. NOI for the year ended December 31, 2016 increased \$18.8 million compared to the year ended December 31, 2015. The increases in rental revenues and NOI resulted primarily from property acquisitions and new real estate placed into service. During the year ended December 31, 2016, we acquired the 11-property retail portfolio, Southgate Square, Southshore Shops, Columbus Village II and Renaissance Square and placed into service Brooks Crossing and Lightfoot Marketplace.

Rental revenues for the year ended December 31, 2015 increased \$8.1 million compared to the year ended December 31, 2014. NOI for the year ended December 31, 2015 increased \$6.4 million compared to the year ended December 31, 2014. The increases in rental revenues and NOI resulted primarily from property acquisitions and new real estate

placed into service. During the year ended December 31, 2015, we acquired Perry Hall Marketplace, Stone House Square, Socastee Commons, Columbus Village and Providence Plaza and placed into service Sandbridge Commons.

Retail Same Store Results

Retail same store rental revenues, property expenses and NOI for the comparative years ended December 31, 2016 and 2015 and December 31, 2015 and 2014 were as follows:

	Years Ended December 31,			Years Ended December 31,		
	2016 ⁽¹⁾	2015 ⁽¹⁾	Change	2015 ⁽²⁾	2014 ⁽²⁾	Change
	(\$ in thousands)					
Rental revenues	\$ 26,316	\$ 25,984	\$ 332	\$ 23,948	\$ 22,986	\$ 962
Property expenses	7,579	7,485	94	7,160	6,962	198
Same Store NOI	\$ 18,737	\$ 18,499	\$ 238	\$ 16,788	\$ 16,024	\$ 764
Non-Same Store NOI	23,263	4,722	18,541	6,433	824	5,609
Segment NOI	\$ 42,000	\$ 23,221	\$ 18,779	\$ 23,221	\$ 16,848	\$ 6,373

- (1) Same store excludes the 11-property retail portfolio, Brooks Crossing, Columbus Village, Columbus Village II, Greentree Shopping Center, Lightfoot Marketplace, Providence Plaza, Perry Hall Marketplace, Renaissance Square, Sandbridge Commons, Socastee Commons, Southgate Square, Southshore Shops and Stone House Square.
- (2) Same store excludes Columbus Village, Dimmock Square, Greentree Shopping Center, Providence Plaza, Perry Hall Marketplace, Sandbridge Commons, Socastee Commons and Stone House Square.

Same store rental revenues and NOI for the year ended December 31, 2016 increased compared to the year ended December 31, 2015 primarily because of higher occupancy at Broad Creek, Hanbury Village, North Point, Parkway Marketplace and Fountain Plaza. These increases were partially offset somewhat by lower occupancy at 249 Central Park.

Same store rental revenues and NOI for the year ended December 31, 2015 increased compared to the year ended December 31, 2014 primarily because of higher occupancy at South Retail in the Town Center of Virginia Beach and the redeveloped ground floor space at Dick's at Town Center.

Multifamily Segment Data

	Years Ended December 31,		
	2016	2015	2014
	(\$ in thousands)		
Rental revenues	\$ 21,915	\$ 17,574	\$ 12,963
Rental expenses	9,462	8,255	6,592
NOI	\$ 12,453	\$ 9,319	\$ 6,371
Apartment units ⁽¹⁾	1,266	1,109	626
Occupancy ⁽¹⁾	94.3%	94.2%	95.7%

- (1) Stabilized properties as of the end of the periods presented.

Rental revenues for the year ended December 31, 2016 increased \$4.3 million compared to the year ended December 31, 2015. NOI increased \$3.1 million compared to the year ended December 31, 2015. The increases in rental revenues and NOI resulted primarily from the delivery of Johns Hopkins Village in August 2016. The increase from Johns Hopkins Village was offset somewhat by the sale of Whetstone Apartments in 2015.

Rental revenues for the year ended December 31, 2015 increased \$4.6 million compared to the year ended December 31, 2014. NOI increased \$2.9 million compared to the year ended December 31, 2014. The increases in rental

revenues and NOI resulted primarily from our stabilization of both Encore and Liberty Apartments during 2015 as well as higher occupancy at The Cosmopolitan in the Town Center of Virginia Beach.

Multifamily Same Store Results

Multifamily same store rental revenues, property expenses and NOI for the comparative years ended December 31, 2016 and 2015 and December 31, 2015 and 2014 were as follows:

	Years Ended December 31,			Years Ended December 31,		
	2016 ⁽¹⁾	2015 ⁽¹⁾	Change	2015 ⁽²⁾	2014 ⁽²⁾	Change
	(\$ in thousands)					
Rental revenues	\$ 12,221	\$ 12,158	\$ 63	\$ 12,159	\$ 11,638	\$ 521
Property expenses	5,325	5,249	76	5,249	5,148	101
Same Store NOI	\$ 6,896	\$ 6,909	\$ (13)	\$ 6,910	\$ 6,490	\$ 420
Non-Same Store NOI	5,557	2,410	3,147	2,409	(119)	2,528
Segment NOI	\$ 12,453	\$ 9,319	\$ 3,134	\$ 9,319	\$ 6,371	\$ 2,948

(1) Same store excludes Encore Apartments, Johns Hopkins Village, Liberty Apartments and Whetstone Apartments.

(2) Same store excludes Encore Apartments, Liberty Apartments and Whetstone Apartments.

Same store rental revenues for the year ended December 31, 2016 increased compared to the year ended December 31, 2015 because of higher rental rates at Smith's Landing. This increase was partially offset by lower occupancy at The Cosmopolitan in the Town Center of Virginia Beach. Same store NOI decreased slightly due to an increase in real estate taxes at The Cosmopolitan.

Same store rental revenues and NOI for the year ended December 31, 2015 increased compared to the year ended December 31, 2014 because of higher occupancy at The Cosmopolitan in the Town Center of Virginia Beach and Smith's Landing.

General Contracting and Real Estate Services Segment Data

	Years Ended December 31,		
	2016	2015	2014
	(\$ in thousands)		
Segment revenues	\$ 159,030	\$ 171,268	\$ 103,321
Gross profit	\$ 5,655	\$ 5,924	\$ 4,567
Operating margin	3.6%	3.5%	4.4%
Construction backlog	\$ 217,718	\$ 83,433	\$ 159,139

Segment revenues for the year ended December 31, 2016 decreased \$12.2 million compared to the year ended December 31, 2015. Gross profit for the year ended December 31, 2016 decreased \$0.3 million compared to the year ended December 31, 2015. The decrease in segment revenues resulted from lower volume on our construction contracts driven by the completion of the Exelon construction project in the Inner Harbor of Baltimore. The decrease in segment revenue was slightly offset by higher operating margins.

Segment revenues for the year ended December 31, 2015 increased \$67.9 million compared to the year ended December 31, 2014. Gross profit for the year ended December 31, 2015 increased \$1.4 million compared to the year ended December 31, 2014. The increase in segment revenues and gross profit resulted from higher volume on our construction contracts driven by the Exelon construction project in the Inner Harbor of Baltimore, which was slightly offset by lower operating margins.

The changes in construction backlog for each of the three years ended December 31, 2016 were as follows:

	Years Ended December 31,		
	2016	2015	2014
	(\$ in thousands)		
Beginning backlog	\$ 83,433	\$ 159,139	\$ 46,385
New contracts/change orders	293,115	95,356	215,303
Work performed	(158,830)	(171,062)	(102,549)
Ending backlog	\$ 217,718	\$ 83,433	\$ 159,139

During the year ended December 31, 2016, we executed several new contracts: Annapolis Junction and the Dinwiddie County administration building, which added \$50.2 million and \$23.0 million, respectively, to the December 31, 2016 backlog.

During the year ended December 31, 2015, we added \$45.9 million to backlog for the construction of a new hotel at the Oceanfront of Virginia Beach, Virginia for a related party development group. Construction is expected to be completed in time for the 2017 summer season. As of December 31, 2016 and 2015, we had \$7.8 million and \$40.4 million, respectively, of backlog related to the Oceanfront hotel construction project.

During the year ended December 31, 2014, we executed a \$168.8 million contract for the construction of the new headquarters for Exelon's Constellation business unit in Baltimore, Maryland. Exelon is the nation's leading competitive energy provider. Construction was completed in the fourth quarter of 2016. As of December 31, 2015 and 2014, we had \$26.9 million and \$126.0 million, respectively, of backlog related to the Exelon construction project.

Consolidated Results of Operations

The following table summarizes our results of operations for each of the three years ended December 31, 2016:

	Years Ended December 31,			2016	2015
	2016	2015	2014	Change	Change
	(\$ in thousands)				
Revenues					
Rental revenues	\$ 99,355	\$ 81,172	\$ 64,746	\$ 18,183	\$ 16,426
General contracting and real estate services revenues	159,030	171,268	103,321	(12,238)	67,947
Total revenues	258,385	252,440	168,067	5,945	84,373
Expenses					
Rental expenses	21,904	19,204	16,667	2,700	2,537
Real estate taxes	9,629	7,782	5,743	1,847	2,039
General contracting and real estate services expenses	153,375	165,344	98,754	(11,969)	66,590
Depreciation and amortization	35,328	23,153	17,569	12,175	5,584
General and administrative expenses	9,552	8,397	7,711	1,155	686
Acquisition, development and other pursuit costs	1,563	1,935	229	(372)	1,706
Impairment charges	355	41	15	314	26
Total expenses	231,706	225,856	146,688	5,850	79,168
Operating income	26,679	26,584	21,379	95	5,205
Interest income	3,228	126	—	3,102	126
Interest expense	(16,466)	(13,333)	(10,648)	(3,133)	(2,685)
Loss on extinguishment of debt	(82)	(512)	—	430	(512)
Gain on real estate dispositions	30,533	18,394	2,211	12,139	16,183
Change in fair value of interest rate derivatives	(941)	(229)	(233)	(712)	4
Other income	147	119	120	28	(1)
Income before taxes	43,098	31,149	12,829	11,949	18,320
Income tax benefit (provision)	(343)	34	(70)	(377)	104
Net income	\$ 42,755	\$ 31,183	\$ 12,759	\$ 11,572	\$ 18,424

Rental Revenues. Rental revenues by segment for each of the three years ended December 31, 2016 were as follows:

	Years Ended December 31,			2016	2015
	2016	2015	2014	Change	Change
	(\$ in thousands)				
Office	\$ 20,929	\$ 31,534	\$ 27,827	\$ (10,605)	\$ 3,707
Retail	56,511	32,064	23,956	24,447	8,108
Multifamily	21,915	17,574	12,963	4,341	4,611
	\$ 99,355	\$ 81,172	\$ 64,746	\$ 18,183	\$ 16,426

Rental revenues increased \$18.2 million during the year ended December 31, 2016 compared to the year ended December 31, 2015. The decrease in office rental revenues resulted primarily from the dispositions of Richmond Tower and Oyster Point, which we sold in the first and third quarters of 2016, respectively. The increase in retail rental revenues resulted primarily from property acquisitions and new real estate placed into service. During the year ended December 31, 2016, we acquired the 11-property retail portfolio, Southgate Square, Southshore Shops, Columbus Village II and Renaissance Square and placed into service Brooks Crossing and Lightfoot Marketplace. The increases in multifamily rental revenues resulted primarily from the delivery of Johns Hopkins Village in August 2016.

Rental revenues increased \$16.4 million during the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase in office rental revenues resulted from the full year operation of 4525 Main Street and our delivery of three new build-to-suit buildings for Oceaneering International and the Commonwealth of Virginia. These increases were partially offset by property dispositions – the Sentara Williamsburg medical office building that we sold in the first quarter of 2015 and the Virginia Natural Gas office building that we sold in the fourth quarter of 2014. The increase in retail rental revenues resulted primarily from property acquisitions and new real estate placed into service. During the year ended December 31, 2015, we acquired Perry Hall Marketplace, Stone House Square, Socastee Commons, Columbus Village and Providence Plaza and placed into service Sandbridge Commons. The increase in multifamily rental revenues resulted primarily from our stabilization of both Encore and Liberty Apartments as well as higher occupancy at The Cosmopolitan in the Town Center of Virginia Beach.

General Contracting and Real Estate Services Revenues. General contracting and real estate services revenues for the years ended December 31, 2016 and 2015 decreased \$12.2 million and increased \$67.9 million, respectively, compared to the respective prior years, because of lower volume on our construction contracts, due to the completion of the Exelon construction project in 2016.

Rental Expenses. Rental expenses by segment for each of the three years ended December 31, 2016 were as follows:

	Years Ended December 31,			2016	2015
	2016	2015	2014	Change	Change
	(\$ in thousands)				
Office	\$ 5,560	\$ 6,938	\$ 6,395	\$ (1,378)	\$ 543
Retail	9,116	5,915	5,011	3,201	904
Multifamily	7,228	6,351	5,261	877	1,090
	<u>\$ 21,904</u>	<u>\$ 19,204</u>	<u>\$ 16,667</u>	<u>\$ 2,700</u>	<u>\$ 2,537</u>

Rental expenses increased \$2.7 million during the year ended December 31, 2016 compared to the year ended December 31, 2015. Office rental expenses decreased primarily due to the disposition of Richmond Tower and Oyster Point. Retail rental expenses increased because of property acquisitions and new real estate placed into service. Multifamily rental expenses increased because of increased leasing at both Encore and Liberty Apartments and the delivery of Johns Hopkins Village in August 2016.

Rental expenses increased \$2.5 million during the year ended December 31, 2015 compared to the year ended December 31, 2014. Office rental expenses increased primarily because of the full year operation of 4525 Main Street. Retail rental expenses increased because of property acquisitions and new real estate placed into service.

Real Estate Taxes. Real estate taxes by segment for each of the three years ended December 31, 2016 were as follows:

	Years Ended December 31,			2016	2015
	2016	2015	2014	Change	Change
	(\$ in thousands)				
Office	2,000	2,950	2,315	\$ (950)	\$ 635
Retail	5,395	2,928	2,097	2,467	831
Multifamily	2,234	1,904	1,331	330	573
	<u>\$ 9,629</u>	<u>\$ 7,782</u>	<u>\$ 5,743</u>	<u>\$ 1,847</u>	<u>\$ 2,039</u>

Real estate taxes increased \$1.8 million during the year ended December 31, 2016 compared to the year ended December 31, 2015. Office real estate taxes decreased primarily because of the dispositions of Richmond Tower and Oyster Point. Retail real estate taxes increased because of property acquisitions, new real estate placed into service and reassessments. Multifamily real estate taxes increased because of the reassessment of Encore Apartments, The Cosmopolitan and the delivery of Johns Hopkins Village in August 2016.

Real estate taxes increased \$2.0 million during the year ended December 31, 2015 compared to the year ended December 31, 2014. Office real estate taxes increased primarily because of the full year operation of 4525 Main Street.

Retail real estate taxes increased because of property acquisitions and new real estate placed into service. Multifamily real estate taxes increased because of the reassessment of Encore Apartments.

General Contracting and Real Estate Services Expenses. General contracting and real estate services expenses for the years ended December 31, 2016 and 2015 decreased \$12.0 million and increased \$66.6 million compared to the respective prior years, because of lower volume on our construction contracts, primarily due to the completion of the Exelon construction project in 2016.

Depreciation and Amortization. Depreciation and amortization for the year ended December 31, 2016 increased \$12.2 million compared to the year ended December 31, 2015. The increase was attributable to property acquisitions and new real estate placed into service. Depreciation and amortization for the year ended December 31, 2015 increased \$5.6 million compared to the year ended December 31, 2014. The increase was attributable to property acquisitions and new real estate placed into service.

General and Administrative Expenses. General and administrative expenses for the years ended December 31, 2016 and 2015 increased \$1.2 million and \$0.7 million, respectively, compared to the respective prior years, because of higher regulatory and compliance costs as well as higher compensation and benefit costs from increased employee headcount.

Acquisition, Development and Other Pursuit Costs. During the year ended December 31, 2016, we recognized \$1.6 million of costs primarily attributable to our acquisitions of an 11-property retail portfolio, Southgate Square and Southshore Shops. We adopted new accounting guidance on October 1, 2016 which allowed us to capitalize \$0.7 million in costs related to the acquisitions of Renaissance Square and Columbus Village II. During the year ended December 31, 2015, we recognized \$1.9 million of costs primarily attributable to our acquisitions of Perry Hall Marketplace, Stone House Square, Socastee Commons, Columbus Village, Providence Plaza and an 11-property retail portfolio. During the year ended December 31, 2014, we recognized \$0.2 million of costs related primarily to our acquisition of Dimmock Square.

Impairment Charges. Impairment charges during the year ended December 31, 2016 were \$0.4 million, primarily related to tenants who vacated prior to their lease expiration. Impairment charges during the years ended December 31, 2015 and 2014 were nominal.

Interest Income. Interest income is attributable to our investment in the Annapolis Junction and Point Street Apartments projects through our loans to the respective mezzanine borrowers. As of December 31, 2016, we had funded \$59.5 million through our mezzanine loan program.

Interest Expense. Interest expense for the year ended December 31, 2016 increased \$3.1 million compared to the year ended December 31, 2015 because of new real estate placed into service, increased borrowing on our credit facility and additional debt assumed in connection with operating property acquisitions. Interest expense for the year ended December 31, 2015 increased \$2.7 million compared to the year ended December 31, 2014 because of new real estate placed into service and additional debt assumed in connection with operating property acquisitions, in addition to rising interest rates.

Loss on Extinguishment of Debt. During the year ended December 31, 2016, we recognized a \$0.1 million loss on extinguishment of debt representing the unamortized debt issuance costs associated with our refinancing of the mortgages secured by 249 Central Park Retail, South Retail, Fountain Plaza, 4525 Main Street and Encore Apartments. During the year ended December 31, 2015, we recognized a \$0.5 million loss on extinguishment of debt representing the unamortized debt issuance costs associated with our refinancing of the mortgage secured by Smith's Landing as well as our repayment of the Whetstone Apartments and Oceaneering construction loans.

Gain on Real Estate Dispositions and Acquisitions. During the year ended December 31, 2016, we recognized gains on real estate acquisitions of \$30.5 million compared to \$18.4 million for the year ended December 31, 2015. The 2016 gains consisted of a \$26.2 million gain on the sale of Richmond Tower, \$3.8 million gain on Oyster Point and a \$0.4 million gain on the Newport News Economic Development Authority building. During the year ended December 31, 2015, we recognized gains on real estate dispositions of \$18.4 million compared to \$2.2 million of gains on real estate dispositions for the year ended December 31, 2014. During the year ended December 31, 2015, we recognized a \$6.2 million gain on our sale of the Sentara Williamsburg medical office building, a \$7.2 million gain on our sale of Whetstone Apartments and a \$5.0 million gain on our sale of the Oceaneering building. On November 20, 2014, we completed the sale of the Virginia Natural Gas office building and recognized a gain on disposition of \$2.2 million.

Change in Fair Value of Interest Rate Derivatives. During the year ended December 31, 2016, we recognized losses on changes in fair value of interest rate derivatives of \$0.9 million, compared to \$0.2 million for the year ended December 31, 2015. The increase is primarily due to the dedesignation of our interest rate swaps during the three months ended March 31, 2016. In 2016, all activity for both interest rate caps and swaps were reclassified out of other income to this line item.

Other Income. Other income for the years ended December 31, 2016 and 2015 was relatively unchanged compared to the year ended December 31, 2014.

Income Taxes. Our TRS, through which we conduct our development and construction business, is subject to federal, state and local corporate income taxes. The income tax benefit (provision) recognized during the three years ended December 31, 2016, 2015 and 2014 is attributable to the (losses) profits of our TRS.

Liquidity and Capital Resources

Overview

We believe our primary short-term liquidity requirements consist of general contractor expenses, operating expenses and other expenditures associated with our properties, including tenant improvements, leasing commissions and leasing incentives, dividend payments to our stockholders required to maintain our REIT qualification, debt service, capital expenditures, new real estate development projects and strategic acquisitions. We expect to meet our short-term liquidity requirements through net cash provided by operations, reserves established from existing cash, borrowings under construction loans to fund new real estate development and construction and borrowings available under our credit facility and proceeds from the sale of common stock through our 2016 at-the-market continuous equity offering program ("2016 ATM Equity Offering Program").

Our long-term liquidity needs consist primarily of funds necessary for the repayment of debt at or prior to maturity, general contracting expenses, property development and acquisitions, tenant improvements and capital improvements. We expect to meet our long-term liquidity requirements with net cash from operations, long-term secured and unsecured indebtedness and the issuance of equity and debt securities. We also may fund property development and acquisitions and capital improvements using our credit facility pending long-term financing.

As of December 31, 2016, we had unrestricted cash and cash equivalents of \$21.9 million and restricted cash in escrow of \$3.3 million available for both current liquidity needs as well as development activities. As of December 31, 2016, we had \$43.0 million available under our credit facility and \$19.1 million available for future issuance under our 2016 ATM Equity Offering Program to meet our short-term liquidity requirements.

On February 1, 2017, we increased the borrowings under the senior unsecured term loan facility to \$125.0 million and increased the total capacity of the senior unsecured credit facility to \$275.0 million, pursuant to the accordion feature of the credit facility.

ATM Equity Offering Program

On May 4, 2016, we commenced the 2016 ATM Program through which we may, from time to time, issue and sell shares of common stock having an aggregate offering price of up to \$75.0 million. Upon commencing our 2016 ATM Program, we simultaneously terminated our prior \$50.0 million at-the-market continuous equity offering program (the "Prior ATM Program"), which we entered into in May 2015 and under which we sold an aggregate of 2,261,068 shares of common stock, resulting in aggregate net proceeds of \$23.1 million. Our sale of shares under the 2016 ATM Program will depend on a variety of factors, including among other things, market conditions, the trading price of our common stock, capital needs and our determination of appropriate sources of funding. We have no obligation to sell any shares and may at any time suspend or terminate the 2016 ATM Program. Each of our sales agents are entitled to a commission of up to 1.5% of the gross offering proceeds of shares that they sell through the 2016 ATM Program. We intend to use any net proceeds from the sale of shares through the 2016 ATM Program to fund development or redevelopment activities, fund potential acquisition opportunities, repay indebtedness, including amounts outstanding under our credit facility, or for general corporate purposes. During the three months and year ended December 31, 2016, we raised \$17.4 million and \$55.9 million of gross proceeds, respectively, at a weighted average price of \$14.10 and \$13.45 per share, respectively, under the 2016 ATM Program, resulting in net proceeds after offering costs and commissions of \$17.1 million and \$54.8 million, respectively.

Credit Facility

On February 20, 2015, we entered into a \$200.0 million senior unsecured credit facility that includes a \$150.0 million senior unsecured revolving credit facility and a \$50.0 million senior unsecured term loan facility. The credit facility replaced the prior \$155.0 million senior secured revolving credit facility that was scheduled to mature on May 13, 2016. We intend to use future borrowings under the credit facility for general corporate purposes, including funding acquisitions, development and redevelopment of properties in our portfolio and for working capital.

The credit facility includes an accordion feature that allows the total commitments to be increased to \$350.0 million, subject to certain conditions. On January 5, 2016 and March 31, 2016, we increased the total borrowing capacity to \$225.0 million and \$250.0 million, respectively. The amount permitted to be borrowed under the credit facility, together with all of our other unsecured indebtedness, is generally limited to the lesser of: (i) 60% of the value of our unencumbered borrowing base properties, (ii) the maximum amount of principal that would result in a debt service coverage ratio of 1.50 to 1.0, and (iii) the maximum aggregate loan commitment, which was \$250.0 million as of December 31, 2016.

The revolving credit facility has a scheduled maturity date of February 20, 2019, with a one-year extension option. The term loan facility has a scheduled maturity date of February 20, 2020. We may, at any time, voluntarily prepay any loan under the credit facility in whole or in part without a material premium or penalty.

The revolving credit facility bears interest at LIBOR plus 1.40% to 2.00%, depending on our total leverage. The term loan facility bears interest at LIBOR plus 1.35% to 1.95%, depending on our total leverage. We are also obligated to pay an unused commitment fee of 15 or 25 basis points on the unused portions of the commitments under the credit facility, depending on the amount of borrowings under the credit facility. If we attain investment grade credit ratings from S&P and Moody's, we may elect to have borrowings become subject to interest rates based on our credit ratings.

The credit facility requires us to comply with various financial covenants, affirmative covenants and other restrictions, including the following:

- Total leverage ratio of the Company of not more than 60% (or 65% for the two consecutive quarters following any acquisition that is equal to or greater than 10% of our total asset value (as defined in the credit agreement), but only up to two times during the term of the credit facility);
- Ratio of adjusted EBITDA to fixed charges of the Company of not less than 1.50 to 1.0;
- Tangible net worth of not less than the sum of \$220.0 million and 75% of the net equity proceeds received after December 31, 2014;
- Ratio of variable rate indebtedness to total asset value of not more than 30%;
- Ratio of secured indebtedness to total asset value of not more than 45%; and
- Ratio of secured recourse debt to total asset value of not more than 25%.

The credit facility limits our ability to pay cash dividends. However, so long as no default or event of default exists, the credit agreement allows us to pay cash dividends with respect to any 12-month period in an amount not to exceed the greater of: (i) 95% of adjusted funds from operations (as defined in the credit agreement) or (ii) the amount required for us (a) to maintain our status as a REIT and (b) to avoid income or excise tax under the Code. If certain defaults or events of default exist, we may pay cash dividends with respect to any 12-month period to the extent necessary to maintain our status as a REIT. The credit facility also restricts the amount of capital that we can invest in specific categories of assets, such as unimproved land holdings, development properties, notes receivable, mortgages, mezzanine loans and unconsolidated affiliates.

On February 1, 2017, we increased the borrowings under the senior unsecured term loan facility to \$125.0 million and increased the total capacity of the senior unsecured credit facility to \$275.0 million, pursuant to the accordion feature of the credit facility.

We are currently in compliance with all covenants under the credit facility.

Consolidated Indebtedness

The following table sets forth our consolidated indebtedness as of December 31, 2016 (\$ in thousands):

Secured Debt	Effective Rate for				
	Amount	Interest	Variable-Rate		Balance at
	Outstanding	Rate(a)	Debt	Maturity Date	Maturity
249 Central Park Retail	\$ 17,076	LIBOR + 1.95%	2.72%	August 8, 2021	\$ 15,959
South Retail	7,493	LIBOR + 1.95%	2.72%	August 8, 2021	7,002
Fountain Plaza Retail	10,281	LIBOR + 1.95%	2.72%	August 8, 2021	9,608
4525 Main Street	32,034	3.25%		September 10, 2021	30,774
Encore Apartments	24,966	3.25%		September 10, 2021	24,006
North Point Note 5	643	LIBOR + 2.00%	3.57% (b)	February 1, 2017	643
Harrisonburg Regal	3,256	6.06%		June 8, 2017	3,165
Commonwealth of Virginia – Chesapeake	4,933	LIBOR + 1.90%	2.67%	August 28, 2017	4,933
Hanbury Village	20,709	6.67%		October 11, 2017	20,499
Lightfoot Marketplace	12,194	LIBOR + 1.90%	2.67%	November 14, 2017	12,194
Sandbridge Commons	9,376	LIBOR + 1.85%	2.62%	January 17, 2018	9,129
Southgate Square	21,150	LIBOR + 2.00%	2.77%	April 29, 2021	18,925
Columbus Village Note 1	6,258	LIBOR + 2.00%	3.05% (b)	April 5, 2018	6,033
Columbus Village Note 2	2,266	LIBOR + 2.00%	2.77%	April 5, 2018	2,207
Johns Hopkins Village	43,841	LIBOR + 1.90%	2.67%	July 30, 2018	43,841
North Point Note 1	9,776	6.45%		February 5, 2019	9,333
Socastee Commons	4,866	4.57%		January 6, 2023	4,223
North Point Note 2	2,564	7.25%		September 15, 2025	1,344
Smith's Landing	20,511	4.05%		June 1, 2035	—
Liberty Apartments	20,005	5.66%		November 1, 2043	—
The Cosmopolitan	45,884	3.75%		July 1, 2051	—
Total secured debt	\$ 320,082				\$ 223,818
Unsecured Debt					
Revolving credit facility	107,000	LIBOR +1.40%-2.00%	2.32%	February 20, 2019	107,000
Term loan	50,000	LIBOR +1.35%-1.95%	3.50% (b)	February 20, 2020	50,000
Term loan	50,000	LIBOR +1.35%-1.95%	2.27%	February 20, 2020	50,000
Total unsecured debt	\$ 207,000				\$ 207,000
Unamortized GAAP adjustments	(4,902)				—
Indebtedness, net	\$ 522,180				\$ 430,818

(a) LIBOR is determined by individual lenders.

(b) Subject to an interest rate swap agreement.

We currently are in compliance with all covenants on our outstanding indebtedness.

As of December 31, 2016, our outstanding indebtedness matures during the following years (\$ in thousands):

Year	Amount Due	Percentage of Total
2017	\$ 45,210	9 %
2018	64,528	12 %
2019	119,818	23 %
2020	104,482	20 %
2021	109,862	21 %
Thereafter	83,182	15 %
	\$ 527,082	100 %

Interest Rate Derivatives

We may use interest rate derivatives from time to time to manage our exposure to interest rate risks. Using an interest rate swap lock, we fixed our interest payments under North Point Center Note 5 at 3.57% through maturity on February 1, 2017.

On February 20, 2015, we entered into a \$50.0 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$50.0 million interest rate swap has a fixed rate of 2.00%, an effective date of March 1, 2016 and a maturity date of February 20, 2020. We entered into this interest rate swap agreement in connection with the new \$50.0 million senior unsecured term loan facility that bears interest at LIBOR plus 1.35% to 1.95%, depending on our total leverage.

On July 13, 2015, we entered into a \$6.5 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$6.5 million interest rate swap has a fixed rate of 3.05%, an effective date of July 13, 2015 and a maturity date of April 5, 2018.

On October 26, 2015, we entered into a LIBOR interest rate cap agreement on a notional amount of \$75.0 million at a strike rate of 1.25% for a premium of \$0.1 million. The interest rate cap agreement expires on October 15, 2017.

On February 25, 2016, we entered into a LIBOR interest rate cap agreement on a notional amount of \$75.0 million at a strike rate of 1.50% for a premium of less than \$0.1 million. The interest rate cap agreement expires on March 1, 2018.

On June 17, 2016, we entered into a LIBOR interest rate cap agreement on a notional amount of \$70.0 million at a strike rate of 1.00% for a premium of less than \$0.1 million. The interest rate cap agreement expires on June 17, 2018.

On February 7, 2017, we entered into a LIBOR interest rate cap agreement on a notional amount of \$50.0 million at a strike rate of 1.50% for a premium of \$0.2 million. The interest rate cap expires on March 1, 2019.

As of December 31, 2016, we were party to the following LIBOR interest rate cap agreements (\$ in thousands):

Effective Date	Maturity Date	Strike Rate	Notional Amount
March 14, 2014	March 1, 2017	1.25%	\$ 50,000
October 26, 2015	October 15, 2017	1.25%	75,000
February 25, 2016	March 1, 2018	1.50%	75,000
June 17, 2016	June 17, 2018	1.00%	70,000
Total			\$ 270,000

Contractual Obligations

The following table summarizes the future payments for known contractual obligations as of December 31, 2016 (in thousands):

Contractual Obligations	Total	Payments due by period			
		Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Principal payments of long-term indebtedness	\$ 527,082	\$ 45,210	\$ 184,346	\$ 214,344	\$ 83,182
Ground and other operating leases	100,660	1,845	3,679	3,683	91,453
Long-term debt—fixed interest	84,226	10,467	15,891	10,755	47,113
Long-term debt—variable interest ^{(1) (2)}	14,534	3,683	9,433	1,418	—
Tenant-related and other commitments	2,906	2,791	—	—	115
Total	\$ 729,408	\$ 63,996	\$ 213,349	\$ 230,200	\$ 221,863

- (1) For long-term debt that bears interest at variable rates, we estimated future interest payments using the indexed rates as of December 31, 2016. LIBOR as of December 31, 2016 was 77 basis points.
- (2) Assumes the balance outstanding of \$107 million and the weighted average interest rate of 2.32% in effect at December 31, 2016 remain in effect until maturity of our secured revolving credit facility. Amounts also include unused credit facility fees assuming the balance outstanding at December 31, 2016 remains outstanding through maturity of our secured revolving credit facility.

Off-Balance Sheet Arrangements

We have entered into standby letters of credit relating to the guarantee of future performance on certain of our construction contracts. Letters of credit generally are available for draw down in the event we do not perform. As of December 31, 2016, we had aggregate outstanding letters of credit totaling \$4.1 million, all of which expire during 2017. However, all of our standby letters of credit are expected to renew for additional periods until completion of the underlying contractual obligation.

Cash Flows

	Years Ended		
	December 31,		Change
	2016	2015	
	(\$ in thousands)		
Operating Activities	\$ 59,770	\$ 33,086	\$ 26,684
Investing Activities	(226,461)	(56,381)	(170,080)
Financing Activities	161,644	24,401	137,243
Net Increase (Decrease)	<u>\$ (5,047)</u>	<u>\$ 1,106</u>	<u>\$ (6,153)</u>
Cash and Cash Equivalents, Beginning of Period	\$ 26,989	\$ 25,883	
Cash and Cash Equivalents, End of Period	\$ 21,942	\$ 26,989	

Net cash provided by operating activities for the year ended December 31, 2016 increased \$26.7 million compared to the year ended December 31, 2015 primarily as a result of more net cash generated from our operating property portfolio, complimented by higher net cash generated from our construction business.

Net cash used for investing activities for the year ended December 31, 2016 increased \$170.1 million compared to the year ended December 31, 2015 primarily due to increased acquisition and development activity. Cash outflows for acquisitions totaled \$195.6 million for the year ended December 31, 2016 compared to \$68.4 million for the year ended December 31, 2015. During the year ended December 31, 2016, we invested \$57.4 million in new real estate development compared to \$52.7 million during the year ended December 31, 2015.

Net cash provided by financing activities for the year ended December 31, 2016 increased \$137.2 million compared to the year ended December 31, 2015 primarily as a result of increased net debt issuances and borrowings.

	Years Ended		
	December 31,		
	2015	2014	Change
	(\$ in thousands)		
Operating Activities	\$ 33,086	\$ 31,362	\$ 1,724
Investing Activities	(56,381)	(105,306)	48,925
Financing Activities	24,401	80,945	(56,544)
Net Increase (Decrease)	\$ 1,106	\$ 7,001	\$ (5,895)
Cash and Cash Equivalents, Beginning of Period	\$ 25,883	\$ 18,882	
Cash and Cash Equivalents, End of Period	\$ 26,989	\$ 25,883	

Net cash provided by operating activities for the year ended December 31, 2015 increased \$1.7 million compared to the year ended December 31, 2014 primarily as a result of more net cash generated from our operating property portfolio, which was partially offset by less net cash generated from our construction business.

Net cash used for investing activities for the year ended December 31, 2015 decreased \$48.9 million compared to the year ended December 31, 2014 because of less cash spent on new real estate development. During the year ended December 31, 2015, we invested \$52.7 million in new real estate development compared to \$98.5 million during the year ended December 31, 2014.

Net cash provided by financing activities for the year ended December 31, 2015 decreased \$56.5 million compared to the year ended December 31, 2014 primarily as a result of less net debt issuances and borrowings.

Non-GAAP Financial Measures

We calculate FFO in accordance with the standards established by NAREIT. NAREIT defines FFO as net income (loss) (calculated in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures.

FFO is a supplemental non-GAAP financial measure. Management uses FFO as a supplemental performance measure because it believes that FFO is beneficial to investors as a starting point in measuring our operational performance. Specifically, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, which do not relate to or are not indicative of operating performance, FFO provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs.

However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effects and could materially impact our results from operations, the utility of FFO as a measure of our performance is limited. In addition, other equity REITs may not calculate FFO in accordance with the NAREIT definition as we do, and, accordingly, our FFO may not be comparable to such other REITs' FFO. Accordingly, FFO should be considered only as a supplement to net income as a measure of our performance. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or service indebtedness. FFO also should not be used as a supplement to or substitute for cash flow from operating activities computed in accordance with GAAP.

We also believe that the computation of FFO in accordance with NAREIT's definition includes certain items that are not indicative of the results provided by the Company's operating property portfolio and affect the comparability of the Company's year-over-year performance. Accordingly, management believes that Normalized FFO is a more useful performance

measure that excludes certain items, including but not limited to, debt extinguishment losses and prepayment penalties, property acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives and other non-comparable items.

The following table sets forth a reconciliation of FFO and Normalized FFO for each of the three years ended December 31, 2016 to net income, the most directly comparable GAAP equivalent:

	Years Ended December 31,		
	2016	2015	2014
	(\$ in thousands)		
Net income	\$ 42,755	\$ 31,183	\$ 12,759
Depreciation and amortization	35,328	23,153	17,569
Gain on real estate dispositions	(30,103)	(18,394)	(2,211)
Funds from operations	\$ 47,980	\$ 35,942	\$ 28,117
Acquisition, development and other pursuit costs	1,563	1,935	229
Impairment charges	355	41	15
Loss on extinguishment of debt	82	512	—
Derivative mark-to-market adjustments	941	229	233
Normalized funds from operations	\$ 50,921	\$ 38,659	\$ 28,594

The adjustment for gain on real estate dispositions for the year ended December 31, 2016 excludes the gain on the Newport News Economic Authority building because this building was sold before being placed in service.

Inflation

Substantially all of our office and retail leases provide for the recovery of increases in real estate taxes and operating expenses. In addition, substantially all of the leases provide for annual rent increases. We believe that inflationary increases may be offset in part by the contractual rent increases and expense escalations previously described. In addition, our multifamily leases generally have lease terms ranging from 7 to 15 months with a majority having 12-month lease terms allowing negotiation of rental rates at term end, which we believe reduces our exposure to the effects of inflation.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The primary market risk to which we are exposed is interest rate risk. Our primary interest rate exposure is daily LIBOR. We primarily use fixed interest rate financing to manage our exposure to fluctuations in interest rates. On a limited basis, we also use derivative financial instruments to manage interest rate risk. We do not use these derivatives for trading or other speculative purposes.

As of December 31, 2016 and excluding unamortized GAAP adjustments, approximately \$241.5 million, or 45.8%, of our debt had fixed interest rates and approximately \$285.6 million, or 54.2%, had variable interest rates. Considering interest rate swaps, approximately \$15.6 million of our debt is subject to interest rate risk. Assuming no increase in the level of our variable rate debt, if interest rates increased by 1.0%, our cash flow would decrease by approximately \$1.5 million per year. As of December 31, 2016, LIBOR was approximately 77 basis points. Assuming no increase in the level of our variable rate debt, if LIBOR was reduced to 0 basis points, our cash flow would increase by approximately \$2.2 million per year.

Item 8. Financial Statements and Supplementary Data.

Our consolidated financial statements and supplementary data are included as a separate section of this Annual Report on Form 10-K commencing on page F-1 and are incorporated herein by reference.

Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A.Controls and Procedures.

Disclosure Controls and Procedures

The Company's management has evaluated, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as required by paragraph (b) of Rules 13a-15 and 15d-15 of the Exchange Act. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2016, the Company's disclosure controls and procedures were effective to ensure that information we are required to disclose in reports filed or submitted with the Securities and Exchange Commission (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2016 based on the 2013 framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, the Company's management concluded that our internal control over financial reporting was effective as of December 31, 2016.

Attestation Report of Independent Registered Public Accounting Firm

Not applicable.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2017 Annual Meeting of Stockholders to be filed with the SEC no later than May 1, 2017.

Item 11. Executive Compensation.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2017 Annual Meeting of Stockholders to be filed with the SEC no later than May 1, 2017.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2017 Annual Meeting of Stockholders to be filed with the SEC no later than May 1, 2017.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2017 Annual Meeting of Stockholders to be filed with the SEC no later than May 1, 2017.

Item 14. Principal Accountant Fees and Services.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2017 Annual Meeting of Stockholders to be filed with the SEC no later than May 1, 2017.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

The following is a list of documents filed as a part of this report:

- (1) Financial Statements

Included herein at pages F-1 through F-40.

- (2) Financial Statement Schedules

The following financial statement schedule is included herein at pages F-41 through F-43:

Schedule III—Consolidated Real Estate Investments and Accumulated Depreciation

All other schedules for which provision is made in Regulation S-X are either not required to be included herein under the related instructions, are inapplicable or the related information is included in the footnotes to the applicable financial statements and, therefore, have been omitted.

- (3) Exhibits

The exhibits required to be filed by Item 601 of Regulation S-K are listed in the Exhibit Index.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 1, 2017

ARMADA HOFFLER PROPERTIES, INC.

By: /s/ Louis S. Haddad

Louis S. Haddad

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Daniel A. Hoffler	Executive Chairman and Director	March 1, 2017
Daniel A. Hoffler		
/s/ A. Russell Kirk	Vice Chairman and Director	March 1, 2017
A. Russell Kirk		
/s/ Louis S. Haddad	President, Chief Executive Officer and Director	March 1, 2017
Louis S. Haddad	(principal executive officer)	
/s/ Michael P. O'Hara	Chief Financial Officer and Treasurer	March 1, 2017
Michael P. O'Hara	(principal financial officer and principal accounting officer)	
/s/ George F. Allen	Director	March 1, 2017
George F. Allen		
/s/ James A. Carroll	Director	March 1, 2017
James A. Carroll		
/s/ James C. Cherry	Director	March 1, 2017
James C. Cherry		
/s/ Eva S. Hardy	Director	March 1, 2017
Eva S. Hardy		
/s/ John W. Snow	Director	March 1, 2017
John W. Snow		

Armada Hoffler Properties, Inc.
Form 10-K
For the Fiscal Year Ended December 31, 2016

Item 8, Item 15(a)(1) and (2)

Index to Financial Statements and Schedule

<u>Report of Independent Registered Public Accounting Firm</u>	<u>F-2</u>
<u>Consolidated Balance Sheets as of December 31, 2016 and 2015</u>	<u>F-3</u>
<u>Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2016, 2015 and 2014</u>	<u>F-4</u>
<u>Consolidated Statements of Equity for the Years Ended December 31, 2016, 2015 and 2014</u>	<u>F-5</u>
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2016, 2015 and 2014</u>	<u>F-6</u>
<u>Notes to Consolidated Financial Statements</u>	<u>F-7</u>
<u>Schedule III—Consolidated Real Estate Investments and Accumulated Depreciation</u>	<u>F-41</u>

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders of
Armada Hoffler Properties, Inc.

We have audited the accompanying consolidated balance sheets of Armada Hoffler Properties, Inc. (the “Company”), as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15(2). These financial statements and schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Armada Hoffler Properties, Inc. at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Company changed its method for determining whether it acquired or sold a business as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business,” effective October 1, 2016.

/s/ Ernst & Young LLP

McLean, Virginia
March 1, 2017

ARMADA HOFFLER PROPERTIES, INC.
Consolidated Balance Sheets

(In thousands, except par value and share data)

	DECEMBER 31,	
	2016	2015
<u>ASSETS</u>		
Real estate investments:		
Income producing property	\$ 894,078	\$ 579,000
Held for development	680	1,180
Construction in progress	13,529	53,411
	908,287	633,591
Accumulated depreciation	(139,553)	(125,380)
Net real estate investments	768,734	508,211
Real estate investments held for sale	—	40,232
Cash and cash equivalents	21,942	26,989
Restricted cash	3,251	2,824
Accounts receivable, net	15,052	21,982
Notes receivable	59,546	7,825
Construction receivables, including retentions	39,433	36,535
Construction contract costs and estimated earnings in excess of billings	110	88
Equity method investments	10,235	1,411
Other assets	64,165	43,450
Total Assets	\$ 982,468	\$ 689,547
<u>LIABILITIES AND EQUITY</u>		
Indebtedness, net	\$ 522,180	\$ 377,593
Accounts payable and accrued liabilities	10,804	6,472
Construction payables, including retentions	51,130	52,067
Billings in excess of construction contract costs and estimated earnings	10,167	2,224
Other liabilities	39,209	25,471
Total Liabilities	633,490	463,827
Stockholders' equity:		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, none issued and outstanding as of December 31, 2016 and 2015, respectively	—	—
Common stock, \$0.01 par value, 500,000,000 shares authorized, 37,490,361 and 30,076,359 shares issued and outstanding as of December 31, 2016 and 2015, respectively	374	300
Additional paid-in capital	197,114	102,906
Distributions in excess of earnings	(49,345)	(53,010)
Accumulated other comprehensive loss	—	(648)
Total stockholders' equity	148,143	49,548
Noncontrolling interests	200,835	176,172
Total Equity	348,978	225,720
Total Liabilities and Equity	\$ 982,468	\$ 689,547

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Consolidated Statements of Comprehensive Income

(In thousands, except per share and unit data)

	YEARS ENDED DECEMBER 31,		
	2016	2015	2014
Revenues			
Rental revenues	\$ 99,355	\$ 81,172	\$ 64,746
General contracting and real estate services revenues	159,030	171,268	103,321
Total revenues	258,385	252,440	168,067
Expenses			
Rental expenses	21,904	19,204	16,667
Real estate taxes	9,629	7,782	5,743
General contracting and real estate services expenses	153,375	165,344	98,754
Depreciation and amortization	35,328	23,153	17,569
General and administrative expenses	9,552	8,397	7,711
Acquisition, development and other pursuit costs	1,563	1,935	229
Impairment charges	355	41	15
Total expenses	231,706	225,856	146,688
Operating income	26,679	26,584	21,379
Interest income	3,228	126	—
Interest expense	(16,466)	(13,333)	(10,648)
Loss on extinguishment of debt	(82)	(512)	—
Gain on real estate dispositions	30,533	18,394	2,211
Change in fair value of interest rate derivatives	(941)	(229)	(233)
Other income	147	119	120
Income before taxes	43,098	31,149	12,829
Income tax benefit (provision)	(343)	34	(70)
Net income	42,755	31,183	12,759
Net income attributable to noncontrolling interests	(14,681)	(11,541)	(5,068)
Net income attributable to stockholders	\$ 28,074	\$ 19,642	\$ 7,691
Net income per share and unit:			
Basic and diluted	\$ 0.85	\$ 0.75	\$ 0.36
Weighted-average outstanding:			
Common shares	33,057	26,006	20,946
Common units	17,167	15,377	14,125
Basic and diluted	50,224	41,383	35,071
Comprehensive income:			
Net income	\$ 42,755	\$ 31,183	\$ 12,759
Unrealized cash flow hedge losses	—	(1,075)	—
Realized cash flow hedge losses reclassified to net income	—	27	—
Comprehensive income	42,755	30,135	12,759
Comprehensive income attributable to noncontrolling interests	(14,681)	(11,141)	(5,068)
Comprehensive income attributable to stockholders	\$ 28,074	\$ 18,994	\$ 7,691

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Consolidated Statements of Equity

(In thousands, except share data)

	Shares of common stock	Common stock	Additional paid- in capital	Distributions in excess of earnings	Accumulated other comprehensive loss	Total stockholders' equity (deficit)	Noncontrolling interests	Total Equity
Balance, January 1, 2014	19,163,413	\$	192	\$	(47,934)	\$	152,016	\$ 105,521
Net income	—	—	—	7,691	—	7,691	5,068	12,759
Net proceeds from sale of common stock	5,750,000	57	49,242	—	—	49,299	—	49,299
Restricted stock awards	109,288	1	1,284	—	—	1,285	—	1,285
Acquisitions of real estate investments	—	—	—	—	—	—	16,351	16,351
Exchange of owners' equity for common units	—	—	(301)	—	—	(301)	301	—
Dividends and distributions declared	—	—	—	(14,170)	—	(14,170)	(9,139)	(23,309)
Balance, December 31, 2014	25,022,701	\$	250	\$	(54,413)	\$	164,597	\$ 161,906
Net income	—	—	—	19,642	—	19,642	11,541	31,183
Unrealized cash flow hedge losses	—	—	—	—	(665)	(665)	(410)	(1,075)
Realized cash flow hedge losses reclassified to net income	—	—	—	—	17	17	10	27
Net proceeds from sale of common stock	4,560,049	45	45,990	—	—	46,035	—	46,035
Restricted stock awards	78,109	1	992	—	—	993	—	993
Acquisitions of real estate investments	415,500	4	4,429	—	—	4,433	10,736	15,169
Exchange of owners' equity for common units	—	—	23	—	—	23	(264)	(241)
Dividends and distributions declared	—	—	—	(18,239)	—	(18,239)	(10,038)	(28,277)
Balance, December 31, 2015	30,076,359	\$	300	\$	(53,010)	\$	176,172	\$ 225,720
Net income	—	—	—	28,074	—	28,074	14,681	42,755
Dedesignation of cash flow hedge	—	—	—	—	648	648	400	1,048
Net proceeds from sales of common stock	5,312,855	53	66,969	—	—	67,022	—	67,022
Restricted stock awards	101,147	1	1,161	—	—	1,162	—	1,162
Acquisitions of real estate investments	2,000,000	20	26,080	—	—	26,100	21,178	47,278
Redemption of operating partnership units	—	—	(2)	—	—	(2)	(56)	(58)
Dividends and distributions declared	—	—	—	(24,409)	—	(24,409)	(11,540)	(35,949)
Balance, December 31, 2016	37,490,361	\$	374	\$	(49,345)	\$	200,835	\$ 348,978

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Consolidated Statements of Cash Flows

(In thousands)

	YEARS ENDED DECEMBER 31,		
	2016	2015	2014
OPERATING ACTIVITIES			
Net income	\$ 42,755	\$ 31,183	\$ 12,759
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of buildings and tenant improvements	23,453	18,678	14,984
Amortization of leasing costs and in-place lease intangibles	11,875	4,475	2,585
Accrued straight-line rental revenue	(1,091)	(1,924)	(2,203)
Amortization of leasing incentives and above or below-market rents	(85)	738	632
Accrued straight-line ground rent expense	371	290	315
Bad debt expense	203	131	79
Noncash stock compensation	1,082	931	917
Impairment charges	355	41	15
Noncash interest expense	980	1,006	517
Loss on extinguishment of debt	82	512	—
Gain on real estate dispositions	(30,533)	(18,394)	(2,211)
Change in the fair value of interest rate derivatives	941	229	233
Other noncash gain	—	—	(42)
Changes in operating assets and liabilities:			
Property assets	(3,183)	(2,463)	(1,420)
Property liabilities	3,761	2,326	(1,069)
Construction assets	(6,385)	(17,337)	(5,893)
Construction liabilities	15,189	12,664	11,164
Net cash provided by operating activities	59,770	33,086	31,362
INVESTING ACTIVITIES			
Development of real estate investments	(57,425)	(52,719)	(98,467)
Tenant and building improvements	(6,698)	(5,157)	(6,362)
Acquisitions of real estate investments	(195,645)	(68,445)	(2,754)
Dispositions of real estate investments	96,670	79,566	7,387
Notes receivable issuances	(51,721)	(7,825)	—
Government development grants	—	300	300
Decrease (increase) in restricted cash	(208)	1,580	(1,824)
Leasing costs	(2,374)	(2,118)	(2,835)
Leasing incentives	(236)	(1,563)	(751)
Contributions to real estate joint ventures	(8,824)	—	—
Net cash used for investing activities	(226,461)	(56,381)	(105,306)
FINANCING ACTIVITIES			
Proceeds from sales of common stock	68,475	46,462	49,566
Offering costs	(1,453)	(427)	(416)
Debt issuances, credit facility and construction loan borrowings	316,852	214,407	117,645
Debt and credit facility repayments, including principal amortization	(186,533)	(206,889)	(63,306)
Debt issuance costs	(1,796)	(1,887)	(448)
Redemption of operating partnership units	(58)	(241)	—
Dividends and distributions	(33,843)	(27,024)	(22,096)
Net cash provided by financing activities	161,644	24,401	80,945
Net increase (decrease) in cash and cash equivalents	(5,047)	1,106	7,001
Cash and cash equivalents, beginning of period	26,989	25,883	18,882
Cash and cash equivalents, end of period	<u>\$ 21,942</u>	<u>\$ 26,989</u>	<u>\$ 25,883</u>
Supplemental cash flow information:			
Cash paid for interest	\$ (15,326)	\$ (12,993)	\$ (12,132)
Cash refunded (paid) for income taxes	\$ (121)	\$ 276	\$ (821)
Common shares and OP units issued for acquisitions	\$ 47,278	\$ 15,169	\$ 16,351
Change in accrued capital improvements and development costs	\$ 8,183	\$ 1,825	\$ 2,608

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Notes to Consolidated Financial Statements

1. *Business and Organization*

Armada Hoffler Properties, Inc. (the “Company”) is a full service real estate company with extensive experience developing, building, owning and managing high-quality, institutional-grade office, retail and multifamily properties in attractive markets primarily throughout the Mid-Atlantic United States.

The Company is a real estate investment trust, or REIT, and is the sole general partner of Armada Hoffler, L.P. (the “Operating Partnership”), and as of December 31, 2016, owned 68.1% of the economic interest in the Operating Partnership, of which 0.1% is held as general partnership units. The operations of the Company are carried on primarily through the Operating Partnership and the wholly owned subsidiaries of the Operating Partnership. Both the Company and the Operating Partnership were formed on October 12, 2012 and commenced operations upon completion of the underwritten initial public offering of shares of the Company’s common stock (the “IPO”) and certain related formation transactions on May 13, 2013.

As of December 31, 2016, the Company owned 100% of the interests in each of the following properties in its operating property portfolio:

Property	Segment	Location
4525 Main Street	Office	Virginia Beach, Virginia*
Armada Hoffer Tower	Office	Virginia Beach, Virginia*
Commonwealth of Virginia – Chesapeake	Office	Chesapeake, Virginia
Commonwealth of Virginia – Virginia Beach	Office	Virginia Beach, Virginia
One Columbus	Office	Virginia Beach, Virginia*
Two Columbus	Office	Virginia Beach, Virginia*
249 Central Park Retail	Retail	Virginia Beach, Virginia*
Alexander Pointe	Retail	Salisbury, North Carolina
Bermuda Crossroads	Retail	Chester, Virginia
Broad Creek Shopping Center	Retail	Norfolk, Virginia
Broadmoor Plaza	Retail	South Bend, Indiana
Columbus Village	Retail	Virginia Beach, Virginia*
Columbus Village II	Retail	Virginia Beach, Virginia*
Commerce Street Retail	Retail	Virginia Beach, Virginia*
Courthouse 7-Eleven	Retail	Virginia Beach, Virginia
Dick's at Town Center	Retail	Virginia Beach, Virginia*
Dimmock Square	Retail	Colonial Heights, Virginia
Fountain Plaza Retail	Retail	Virginia Beach, Virginia*
Gainsborough Square	Retail	Chesapeake, Virginia
Greentree Shopping Center	Retail	Chesapeake, Virginia
Hanbury Village	Retail	Chesapeake, Virginia
Harper Hill Commons	Retail	Winston-Salem, North Carolina
Harrisonburg Regal	Retail	Harrisonburg, Virginia
North Hampton Market	Retail	Taylors, South Carolina
North Point Center	Retail	Durham, North Carolina
Oakland Marketplace	Retail	Oakland, Tennessee
Parkway Marketplace	Retail	Virginia Beach, Virginia
Patterson Place	Retail	Durham, North Carolina
Perry Hall Marketplace	Retail	Perry Hall, Maryland
Providence Plaza	Retail	Charlotte, North Carolina
Renaissance Square	Retail	Davidson, North Carolina
Sandbridge Commons	Retail	Virginia Beach, Virginia
Socastee Commons	Retail	Myrtle Beach, South Carolina
Southgate Square	Retail	Colonial Heights, Virginia
Southshore Shops	Retail	Chesterfield, Virginia
South Retail	Retail	Virginia Beach, Virginia*
South Square	Retail	Durham, North Carolina
Stone House Square	Retail	Hagerstown, Maryland
Studio 56 Retail	Retail	Virginia Beach, Virginia*
Tyre Neck Harris Teeter	Retail	Portsmouth, Virginia
Waynesboro Commons	Retail	Waynesboro, Virginia
Wendover Village	Retail	Greensboro, North Carolina
Encore Apartments	Multifamily	Virginia Beach, Virginia*
Liberty Apartments	Multifamily	Newport News, Virginia
Smith's Landing	Multifamily	Blacksburg, Virginia
The Cosmopolitan	Multifamily	Virginia Beach, Virginia*

* Located in the Town Center of Virginia Beach

As of December 31, 2016, the following properties were under development or construction:

Property	Segment	Location	Ownership Interest
Brooks Crossing	Office/Retail	Newport News, Virginia	65%
Johns Hopkins Village	Multifamily	Baltimore, Maryland	80% ⁽¹⁾
Lightfoot Marketplace	Retail	Williamsburg, Virginia	70%
Town Center Phase VI	Multifamily	Virginia Beach, Virginia*	80%
Harding Place	Multifamily	Charlotte, North Carolina	80%

- (1) The noncontrolling interest holder of Johns Hopkins Village has the right to exchange its 20% ownership interest for Class A units of limited partnership interest in the Operating Partnership (“Class A Units”) upon and for a period of one year after the project’s completion. The Company is entitled to a preferred return of 9% on its investment in Johns Hopkins Village.

*Located in the Town Center of Virginia Beach

2. **Significant Accounting Policies**

Basis of Presentation

The accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States (“GAAP”).

The consolidated financial statements include the financial position and results of operations of the Company, the Operating Partnership, its wholly owned subsidiaries, and any interests in variable interest entities where the Company has been determined to be the primary beneficiary. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed. Such estimates are based on management’s historical experience and best judgment after considering past, current and expected events and economic conditions. Actual results could differ from management’s estimates.

Segments

Segment information is prepared on the same basis that management reviews information for operational decision-making purposes. Management evaluates the performance of each of the Company’s properties individually and aggregates such properties into segments based on their economic characteristics and classes of tenants. The Company operates in four business segments: (i) office real estate, (ii) retail real estate, (iii) multifamily residential real estate and (iv) general contracting and real estate services. The Company’s general contracting and real estate services business develops and builds properties for its own account and also provides construction and development services to both related and third parties.

Revenue Recognition

Rental Revenues

The Company leases its properties under operating leases and recognizes base rents when earned on a straight-line basis over the lease term. Rental revenues include \$1.1 million, \$1.9 million and \$2.2 million of straight-line rent adjustments for each of the three years ended December 31, 2016. The Company begins recognizing rental revenue when the tenant has the right to take possession of or controls the physical use of the property under lease. The extended collection period for accrued straight-line rental revenue along with the Company’s evaluation of tenant credit risk may result in the nonrecognition of all or a portion of straight-line rental revenue until the collection of such revenue is reasonably assured. The Company recognizes contingent rental revenue (e.g., percentage rents based on tenant sales thresholds) when the sales thresholds are met. Contingent rents included in rental revenues were \$0.1

million for each of the three years ended December 31, 2016. The Company recognizes leasing incentives as reductions to rental revenue on a straight-line basis over the lease term. Leasing incentive amortization for each of the three years ended December 31, 2016 was \$0.8 million, \$0.8 million and \$0.7 million, respectively. The Company recognizes fair value adjustments recorded at the time of lease assumption in rental income on a straight line basis as a reduction to revenue over the remaining life of the lease or any renewal periods for which the Company determines have value at the time of acquisition. The Company recognizes cost reimbursement revenue for real estate taxes, operating expenses and common area maintenance costs on an accrual basis during the periods in which the expenses are incurred. The Company recognizes lease termination fees either upon termination or amortizes them over any remaining lease term.

General Contracting and Real Estate Services Revenues

The Company recognizes general contracting revenue on construction contracts using the percentage-of-completion method. Under this method, the Company recognizes revenue and an estimated profit as construction contract costs are incurred based on the proportion of incurred costs to total estimated construction contract costs at completion. Construction contract costs include all direct material, labor and subcontract costs as well as any indirect costs related to contract performance. Provisions for estimated losses on uncompleted contracts are recognized immediately in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the period in which they are determined. Profit incentives are included in revenues when their realization is probable and when they can be reasonably estimated.

The Company recognizes real estate services revenues from property development and management when realized and earned, generally as such services are provided. Multiple contracts with a single counterparty are not combined into a single contract for the revenue recognition purposes.

Real Estate Investments

Income producing property primarily includes land, buildings and tenant improvements and is stated at cost. Real estate investments held for development include land and capitalized development costs. The Company reclassifies real estate investments held for development to construction in progress upon commencement of construction. Construction in progress is stated at cost. Direct and certain indirect costs clearly associated with the development, redevelopment, construction, leasing or expansion of real estate assets are capitalized as a cost of the property. Repairs and maintenance costs are expensed as incurred.

The Company capitalizes direct and indirect project costs associated with the initial construction of a property until the property is substantially complete and ready for its intended use. Capitalized project costs include preacquisition development and preconstruction costs including overhead, salaries and related costs of personnel directly involved, real estate taxes, insurance, utilities, ground rent and interest. Interest capitalized during each of the three years ended December 31, 2016 was \$1.0 million, \$1.0 million and \$3.1 million, respectively. Overhead, salaries and related personnel costs capitalized during each of the three years ended December 31, 2016 were \$1.7 million, \$2.1 million and \$2.4 million, respectively.

The Company capitalizes preacquisition development costs directly identifiable with specific properties when the acquisition of such properties is probable. Capitalized preacquisition development costs are presented within other assets in the consolidated balance sheets. Capitalized preacquisition development costs as of December 31, 2016 and 2015 were \$1.1 million and \$2.5 million, respectively. Costs attributable to unsuccessful projects are expensed.

The Company recognizes real estate development grants from state and local governments as reductions to the carrying amounts of the related real estate investments when any attached conditions are satisfied and when there is reasonable assurance that the grant will be received.

Income producing property is depreciated on a straight-line basis over the following estimated useful lives:

Buildings	39 years
Capital improvements	15—20 years
Equipment	5—15 years
Tenant improvements	Term of the related lease (or estimated useful life, if shorter)

Operating Property Acquisitions

In connection with operating property acquisitions, the Company identifies and recognizes all assets acquired and liabilities assumed at their estimated fair values or relative fair values subsequent to the adoption of the new accounting guidance discussed below, as of the acquisition date. The purchase price allocations to tangible assets, such as land, site improvements and buildings and improvements are presented within income producing property in the consolidated balance sheets and depreciated over their estimated useful lives. Acquired lease intangibles are presented within other assets and liabilities in the consolidated balance sheets and amortized over their respective lease terms. The Company amortizes in-place lease assets as depreciation and amortization expense on a straight-line basis over the remaining term of the related leases. The Company amortizes above-market lease assets as reductions to rental revenues on a straight-line basis over the remaining term of the related leases. The Company amortizes below-market lease liabilities as increases to rental revenues on a straight-line basis over the remaining term of the related leases. The Company amortizes below-market ground lease assets as increases to rental expenses on a straight-line basis over the remaining term of the related leases. Prior to October 1, 2016, the Company expensed all costs incurred related to operating property acquisitions. On October 1, 2016, the Company adopted newly issued accounting guidance that allows capitalization of costs related to operating property acquisitions that do not meet the definition of a business under the new guidance discussed below under "Recent Accounting Pronouncements".

The Company values land based on a market approach, looking to recent sales of similar properties, adjusting for differences due to location, the state of entitlement as well as the shape and size of the parcel. Improvements to land are valued using a replacement cost approach. The approach applies industry standard replacement costs adjusted for geographic specific considerations and reduced by estimated depreciation. The value of buildings acquired is estimated using the replacement cost approach, assuming the buildings were vacant at acquisition. The replacement cost approach considers the composition of the structures acquired, adjusted for an estimate of depreciation. The estimate of depreciation is made considering industry standard information and depreciation curves for the identified asset classes. The value of acquired lease intangibles considers the estimated cost of leasing the properties as if the acquired buildings were vacant, as well as the value of the current leases relative to market-rate leases. The in-place lease value is determined using an estimated total lease-up time and lost rental revenues during such time. The value of current leases relative to market-rate leases is based on market rents obtained for market comparables. Given the significance of unobservable inputs used in the valuation of acquired real estate assets, the Company classifies them as Level 3 inputs in the fair value hierarchy.

The Company values debt assumed in connection with operating property acquisitions based on a discounted cash flow analysis of the expected cash flows of the debt. Such analysis considers the contractual terms of the debt, including the period to maturity, and uses observable market-based inputs, including interest rate information as of the acquisition date. The Company also considers credit valuation adjustments for potential nonperformance risk. The Company classifies the inputs used to value debt assumed in connection with operating property acquisitions as Level 2 inputs in the fair value hierarchy as they are predominantly observable and market-based.

Real Estate Investments Held for Sale

Real estate assets classified as held for sale are reported at the lower of their carrying value or their fair value, less estimated costs to sell. Once a property is classified as held for sale, it is no longer depreciated. A property is classified as held for sale when: (i) senior management commits to a plan to sell the property, (ii) the property is available for immediate sale in its present condition, subject only to conditions usual and customary for such sales, (iii) an active program to locate a buyer and other actions required to complete the plan to sell have been initiated, (iv) the sale is expected to be completed within one year, (v) the property is being actively marketed for sale at a price that is reasonable in relation to its current fair value and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The Company classified the Richmond Tower office building as held for sale as of December 31, 2015. No properties were held for sale as of December 31, 2016.

Impairment of Long Lived Assets

The Company evaluates its real estate assets for impairment on a property by property basis whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such an evaluation is necessary, the Company compares the carrying amount of any such real estate asset with the undiscounted expected future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. If the carrying amount of a real estate asset exceeds the associated estimate of undiscounted expected future cash flows, an impairment loss is recognized to reduce the real estate asset's carrying value to its fair value. Impairment charges recognized during each of the three years ended December 31, 2016 represent unamortized leasing or acquired intangible assets related to vacated tenants.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, investments in money market funds and investments with an original maturity of three months or less.

Restricted Cash

Restricted cash represents amounts held by lenders for real estate taxes, insurance and reserves for capital improvements. The Company presents changes in cash restricted for real estate taxes and insurance as operating activities in the consolidated statements of cash flows. The Company presents changes in cash restricted for capital improvements as investing activities in the consolidated statements of cash flows.

Accounts Receivable, net

Accounts receivable include amounts from tenants for base rents, contingent rents and cost reimbursements as well as accrued straight-line rental revenue. As of December 31, 2016 and 2015, accrued straight-line rental revenue presented within accounts receivable in the consolidated balance sheets was \$12.3 million and \$20.3 million, respectively.

The Company's evaluation of the collectability of accounts receivable and the adequacy of the allowance for doubtful accounts is based primarily upon evaluations of individual receivables, current economic conditions, historical experience and other relevant factors. The Company establishes reserves for tenant receivables outstanding over 90 days. For all such tenants, the Company also reserves any related accrued straight-line rental revenue. Additional reserves are recorded for more current amounts, as applicable, when the Company has determined collectability to be doubtful. As of December 31, 2016 and 2015, the allowance for doubtful accounts was not significant. The Company presents bad debt expense within rental expenses in the consolidated statements of comprehensive income.

Notes Receivable

From time to time, the Company may provide financing to third parties in the form of mortgage or mezzanine loans for the development of new real estate. Mezzanine loans are secured, in part, by pledges of ownership interests of the entities that own the underlying real estate. The Company evaluates the collectability of both the interest on and principal of each of its notes receivable based primarily upon the financial condition of the individual borrowers. A loan is determined to be impaired when, based upon current information, it is no longer probable that the Company will be able to collect all contractual amounts due from the borrower. The amount of impairment loss recognized is measured as the difference between the carrying amount of the loan and its estimated realizable value.

Leasing Costs

Commissions paid by the Company to third parties to originate a lease are deferred and amortized as depreciation and amortization expense on a straight-line basis over the term of the related lease. Leasing costs are presented within other assets in the consolidated balance sheets.

Leasing Incentives

Incentives paid by the Company to tenants are deferred and amortized as reductions to rental revenues on a straight-line basis over the term of the related lease. Leasing incentives are presented within other assets in the consolidated balance sheets.

Debt Issuance Costs

Financing costs are deferred and amortized as interest expense using the effective interest method over the term of the related debt. Debt issuance costs are presented as a direct deduction from the carrying value of the associated debt liability in the consolidated balance sheets.

Derivative Financial Instruments

The Company may enter into interest rate derivatives to manage exposure to interest rate risks. The Company does not use derivative financial instruments for trading or speculative purposes. The Company recognizes derivative financial instruments at fair value and presents them within other assets and liabilities in the consolidated balance sheets. Gains and losses resulting from changes in the fair value of derivatives that are neither designated nor qualify as hedging instruments are recognized within the change in fair value of interest rate derivatives caption in the consolidated statements of comprehensive income. For derivatives that qualify as cash flow hedges, the effective portion of the gain or loss is reported as a component of other comprehensive income (loss) and reclassified into earnings in the periods during which the hedged forecasted transaction affects earnings.

Stock-Based Compensation

The Company measures the compensation cost of restricted stock awards based on the grant date fair value. The Company recognizes compensation cost for the vesting of restricted stock awards using the accelerated attribution method. Compensation cost associated with the vesting of restricted stock awards is presented within either general and administrative expenses or general contracting and real estate services expenses in the consolidated statements of comprehensive income. Total stock-based compensation expense recognized during each of the three years ended December 31, 2016 was \$1.1 million, \$0.9 million and \$0.9 million, respectively. Stock-based compensation for personnel directly involved in the development and initial construction of a property is capitalized. During each of the three years ended December 31, 2016, the Company capitalized \$0.3 million, \$0.4 million and \$0.4 million, respectively, of stock-based compensation.

Income Taxes

The Company has elected to be taxed as a real estate investment trust ("REIT") for U.S. federal income tax purposes. For continued qualification as a REIT for federal income tax purposes, the Company must meet certain organizational and operational requirements, including a requirement to pay distributions to stockholders of at least 90% of annual taxable income, excluding net capital gains. As a REIT, the Company generally is not subject to income tax on net income distributed as dividends to stockholders. The Company is subject to state and local income taxes in some jurisdictions and, in certain circumstances, may also be subject to federal excise taxes on undistributed income. In addition, certain of the Company's activities must be conducted by subsidiaries that have elected to be treated as a taxable REIT subsidiary ("TRS") subject to both federal and state income taxes. The Operating Partnership conducts its development and construction businesses through the TRS. The related income tax provision or benefit attributable to the profits or losses of the TRS and any taxable income of the Company is reflected in the consolidated financial statements.

The Company uses the liability method of accounting for deferred income tax in accordance with GAAP. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying value of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the statutory rates expected to be applied in the periods in which those temporary differences are settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period of the change. A valuation allowance is recorded on the Company's deferred tax assets when it is more likely than not that such assets will not be realized. When evaluating the realizability of the Company's deferred tax assets, all evidence, both positive and negative is evaluated. Items considered in this analysis include the ability to carryback losses, the reversal of temporary differences, tax planning strategies and expectations of future earnings.

Under GAAP, the amount of tax benefit to be recognized is the amount of benefit that is more likely than not to be sustained upon examination. Management analyzes its tax filing positions in the U.S. federal, state and local jurisdictions where it is required to file income tax returns for all open tax years. If, based on this analysis, management determines that uncertainties in tax positions exist, a liability is established. The Company recognizes accrued interest and penalties related to unrecognized tax positions in the provision for income taxes. If recognized, the entire amount of unrecognized tax positions would be recorded as a reduction to the provision for income taxes.

Discontinued Operations

Disposals representing a strategic shift that has or will have a major effect on the Company's operations and financial results are reported as discontinued operations.

Net Income Per Share and Unit

The Company calculates net income per share and unit based upon the weighted average shares and units outstanding. Diluted net income per share and unit is calculated after giving effect to all significant potential dilutive shares outstanding during the period. Potential dilutive shares outstanding during the period include nonvested restricted stock awards. However, there were no significant potential dilutive shares or units outstanding for each of the three years ended December 31, 2016. As a result, basic and diluted outstanding shares and units were the same for all periods presented. See Note 11 for the changes in the Company's nonvested restricted awards during each of the three years ended December 31, 2016.

Emerging Growth Company Status

The Company qualifies as an emerging growth company ("EGC") pursuant to the Jumpstart Our Business Startups Act. An EGC may choose to take advantage of the extended private company transition period provided for complying with new or revised accounting standards that may be issued by the Financial Accounting Standards Board (the "FASB") or the U.S. Securities and Exchange Commission (the "SEC"). The Company has elected to opt out of such extended transition period. This election is irrevocable.

Recent Accounting Pronouncements

On May 28, 2014, the FASB issued a new standard that provides a single, comprehensive model for recognizing revenue from contracts with customers. While the new standard does not supersede the guidance on accounting for leases, it could change the way the Company recognizes revenue from construction and development contracts with third party customers. The new standard will be effective for the Company on January 1, 2018. The Company plans to adopt the new standard using the full retrospective method. A substantial portion of our revenue consists of rental revenues from leasing arrangements, such as base rent, which is specifically excluded from the revenue guidance. Non-lease components, such as tenant reimbursements for real estate taxes and common area maintenance will be subject to the revenue guidance. Management is currently evaluating the potential impact of the new revenue standard on the Company's consolidated financial statements.

On August 15, 2014, the FASB issued guidance that requires management to evaluate relevant conditions, events and certain management plans that are known or reasonably knowable as of the evaluation date in order to determine whether substantial doubt about an entity's ability to continue as a going concern exists. This new guidance states that substantial doubt exists when relevant conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued, or are available to be issued. The new guidance was applicable for the Company for the year ended December 31, 2016. Management performed its evaluation and determined that there was no substantial doubt about the Company's ability to continue as a going concern.

On February 25, 2016, the FASB issued a new leases standard that requires lessees to recognize most leases in their balance sheets as lease liabilities with corresponding right-of-use assets. This guidance will specifically affect the ground leases where the Company is the lessee. The new standard also makes targeted changes to lessor accounting. The new standard will be effective for the Company on January 1, 2019 and requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application with an option to use certain transition relief. For lease contracts with a duration of more than one year in which the Company is the lessee, the present value of future lease payments will be recognized on the balance sheet as a right-of-use asset and a

corresponding lease liability. Management is currently evaluating the potential impact of the new leases standard on the Company's consolidated financial statements.

On March 30, 2016, the FASB issued new guidance that will change the accounting for certain aspects of share-based payments to employees. Entities will be required to recognize the income tax effects of awards in the income statement when the awards vest or are settled, and allows the Company to account for forfeitures as they occur. The new guidance is effective for the Company on January 1, 2017. Management is currently evaluating the potential impact of the new guidance on the Company's consolidated financial statements.

On August 26, 2016, the FASB issued new guidance that addresses eight classification issues related to the statement of cash flows. Early adoption is permitted, including adoption in an interim period. This guidance should be applied retrospectively to each period presented. This new guidance is effective for the Company on January 1, 2018. Management is currently evaluating the potential impact of the new guidance on the Company's consolidated financial statements.

On October 26, 2016, the FASB issued new guidance that updates the consolidation guidance on how a reporting entity that is a single decision maker of a variable interest entity ("VIE") should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. The new guidance is effective for the Company on January 1, 2017. Management does not expect the adoption of the new guidance to have a material effect on the Company's financial position or results of operations.

On November 17, 2016, the FASB issued new guidance that requires the statement of cash flows explain the change during the period in the total of cash and cash equivalents along with restricted cash and cash equivalents. Early adoption is permitted, including adoption in an interim period. This new guidance is effective for the Company on January 1, 2018. Management is currently evaluating the potential impact of the new guidance on the Company's consolidated financial statements.

On January 5, 2017, the FASB issued new guidance that modifies the definition of a business. Under this new guidance, many real estate acquisitions will now be considered asset acquisitions, allowing costs associated with these acquisitions to be capitalized. Early adoption is permitted on a prospective basis for interim or annual periods for which the financial statements have not been issued or made available for issuance. The Company adopted this guidance on October 1, 2016, resulting in the capitalization of approximately \$0.7 million of acquisition costs related to two acquisitions in the fourth quarter of 2016. If the Company had adopted this guidance on January 1, 2016, approximately \$1.4 million in acquisition costs would have been capitalized.

3. *Segments*

Net operating income (segment revenues minus segment expenses) is the measure used by the Company's chief operating decision-maker to assess segment performance. Net operating income is not a measure of operating income or cash flows from operating activities as measured by GAAP and is not indicative of cash available to fund cash needs. As a result, net operating income should not be considered an alternative to cash flows as a measure of liquidity. Not all companies calculate net operating income in the same manner. The Company considers net operating income to be an appropriate supplemental measure to net income because it assists both investors and management in understanding the core operations of the Company's real estate and construction businesses.

Net operating income of the Company's reportable segments for each of the three years ended December 31, 2016 was as follows (in thousands):

	Years Ended December 31,		
	2016	2015	2014
<i>Office real estate</i>			
Rental revenues	\$ 20,929	\$ 31,534	\$ 27,827
Rental expenses	5,560	6,938	6,395
Real estate taxes	2,000	2,950	2,315
Segment net operating income	13,369	21,646	19,117
<i>Retail real estate</i>			
Rental revenues	56,511	32,064	23,956
Rental expenses	9,116	5,915	5,011
Real estate taxes	5,395	2,928	2,097
Segment net operating income	42,000	23,221	16,848
<i>Multifamily residential real estate</i>			
Rental revenues	21,915	17,574	12,963
Rental expenses	7,228	6,351	5,261
Real estate taxes	2,234	1,904	1,331
Segment net operating income	12,453	9,319	6,371
<i>General contracting and real estate services</i>			
Segment revenues	159,030	171,268	103,321
Segment expenses	153,375	165,344	98,754
Segment gross profit	5,655	5,924	4,567
Net operating income	\$ 73,477	\$ 60,110	\$ 46,903

Rental expenses represent costs directly associated with the operation and management of the Company's real estate properties. Rental expenses include asset management fees, property management fees, repairs and maintenance, insurance and utilities.

General contracting and real estate services revenues for each of the three years ended December 31, 2016 exclude revenue related to intercompany construction contracts of \$43.3 million, \$43.1 million and \$85.4 million, respectively. General contracting and real estate services expenses for each of the three years ended December 31, 2016 exclude expenses related to intercompany construction contracts of \$42.7 million, \$42.8 million and \$84.6 million, respectively. General contracting and real estate services expenses for each of the three years ended December 31, 2016 include noncash stock compensation expense of \$0.2 million.

The following table reconciles net operating income to net income for each of the three years ended December 31, 2016 (in thousands):

	Years Ended December 31,		
	2016	2015	2014
Net operating income	\$ 73,477	\$ 60,110	\$ 46,903
Depreciation and amortization	(35,328)	(23,153)	(17,569)
General and administrative expenses	(9,552)	(8,397)	(7,711)
Acquisition, development and other pursuit costs	(1,563)	(1,935)	(229)
Impairment charges	(355)	(41)	(15)
Interest income	3,228	126	—
Interest expense	(16,466)	(13,333)	(10,648)
Loss on extinguishment of debt	(82)	(512)	—
Gain on real estate dispositions	30,533	18,394	2,211
Change in fair value of interest rate derivatives	(941)	(229)	(233)
Other income	147	119	120
Income tax benefit (provision)	(343)	34	(70)
Net income	<u>\$ 42,755</u>	<u>\$ 31,183</u>	<u>\$ 12,759</u>

General and administrative expenses represent costs not directly associated with the operation and management of the Company's real estate properties and general contracting and real estate services businesses. General and administrative expenses include office personnel salaries and benefits, bank fees, accounting fees, legal fees and other corporate office expenses. General and administrative expenses for each of the three years ended December 31, 2016 include noncash stock compensation expense of \$0.7 million, \$0.7 million and \$0.7 million, respectively.

4. *Operating Leases*

The Company's commercial tenant leases generally range from five to 20 years, but certain leases with anchor tenants may be longer. The Company's commercial tenant leases provide for minimum rental payments during each of the next five years and thereafter as follows (in thousands):

2017	\$ 70,235
2018	65,384
2019	57,751
2020	47,217
2021	40,783
Thereafter	206,378
Total	<u>\$ 487,748</u>

Lease terms on multifamily apartment units generally range from seven to 15 months, with a majority having 12-month lease terms. Apartment leases are not included in the preceding table as the remaining terms as of December 31, 2016 are generally less than one year.

5. *Real Estate Investments and Equity Method Investments*

The Company's real estate investments comprised the following as of December 31, 2016 and 2015 (in thousands):

	December 31, 2016			
	Income producing property	Held for development	Construction in progress	Total
Land	\$ 171,733	\$ 680	\$ 6,880	\$ 179,293
Land improvements	45,052	—	—	45,052
Buildings and improvements	677,293	—	—	677,293
Development and construction costs	—	—	6,649	6,649
Real estate investments	<u>\$ 894,078</u>	<u>\$ 680</u>	<u>\$ 13,529</u>	<u>\$ 908,287</u>

	December 31, 2015			
	Income producing property	Held for development	Construction in progress	Total
Land	\$ 70,518	\$ 1,180	\$ 7,750	\$ 79,448
Land improvements	26,172	—	—	26,172
Buildings and improvements	482,310	—	—	482,310
Development and construction costs	—	—	45,661	45,661
Real estate investments	<u>\$ 579,000</u>	<u>\$ 1,180</u>	<u>\$ 53,411</u>	<u>\$ 633,591</u>

2016 Operating Property Acquisitions

On January 14, 2016, the Company completed the acquisition of an 11 asset retail portfolio totaling 1.1 million square feet for \$170.5 million.

On April 29, 2016, the Company completed the acquisition of Southgate Square, a 220,000 square foot retail center located in Colonial Heights, Virginia, for aggregate consideration of \$39.5 million, comprised of the assumption of \$21.1 million in debt (which approximated fair value as of the closing date) and 1,575,185 Class A Units.

As part of the Southgate Square purchase agreement, the Company acquired an option to purchase an adjacent undeveloped land parcel from the seller. The option for the land parcel is valid for an initial period of two years, and its value would be determined by applying a mutually agreed upon capitalization rate to the base rent of tenants provided by the seller and approved by the Company. If, at the end of the two-year period, no suitable tenants have been found, the Company has the option of either paying \$3.0 million to the seller for the land parcel or extending the period for an additional year. If, at the end of the additional year, no suitable tenants have been found, the Company can either pay \$1.25 million to the seller for the land parcel or let the option expire. Management has evaluated the option and determined that its value is immaterial to the consolidated financial statements.

On August 4, 2016, the Company completed the acquisition of Southshore Shops, a 40,000 square foot retail center located in Midlothian, Virginia, for aggregate consideration of \$9.3 million, comprised of \$6.7 million in cash and 189,160 Class A Units.

On October 13, 2016, the Company completed the acquisition of Columbus Village II, a 92,000 square foot retail and entertainment center located in Virginia Beach, Virginia for aggregate consideration of 2,000,000 shares of the Company's common stock, which based on the closing stock price on the date of the acquisition, led to an acquisition price of \$26.2 million, excluding capitalized acquisition costs.

On November 17, 2016, the Company completed the acquisition of Renaissance Square, a 80,000 square foot retail center located in Davidson, North Carolina, for \$17.1 million, excluding capitalized acquisition costs.

The following table summarizes the purchase price allocation (including acquisition costs for Columbus Village II and Renaissance Square) of the assets acquired and liabilities assumed during the year ended December 31, 2016 (in thousands):

	<u>Retail Portfolio</u>	<u>Southgate Square</u>	<u>Southshore Shops</u>	<u>Columbus Village II</u>	<u>Renaissance Square</u>	<u>Total</u>
Land	\$ 66,260	\$ 8,890	\$ 1,770	\$ 14,536	\$ 6,730	\$ 98,186
Site improvements	3,870	2,140	490	939	303	7,742
Building and improvements	88,820	23,810	6,019	9,983	8,137	136,769
In-place leases	20,630	5,990	1,140	2,225	2,008	31,993
Above-market leases	1,960	100	120	—	70	2,250
Below-market leases	(11,040)	(1,400)	(190)	(939)	(10)	(13,579)
Net assets acquired	<u>\$ 170,500</u>	<u>\$ 39,530</u>	<u>\$ 9,349</u>	<u>\$ 26,744</u>	<u>\$ 17,238</u>	<u>\$ 263,361</u>

Rental revenues and net income from the 2016 acquired properties for the period from the respective acquisition dates to December 31, 2016 included in the consolidated statement of comprehensive income was \$18.7 million and \$2.9 million, respectively.

2015 Operating Property Acquisitions

On April 8, 2015, the Company completed the acquisitions of Stone House Square in Hagerstown, Maryland and Perry Hall Marketplace in Perry Hall, Maryland. In exchange for both properties, the Company paid \$35.4 million of cash and issued 415,500 shares of common stock. The acquisition date fair value of the total consideration transferred in exchange for Stone House Square and Perry Hall Marketplace was \$39.8 million.

On July 1, 2015, the Company completed the acquisition of Socastee Commons, a 57,000 square foot retail center in Myrtle Beach, South Carolina. The total consideration for Socastee Commons was \$8.7 million, which was comprised of \$3.7 million of cash and the assumption of debt with an outstanding principal balance of \$5.0 million. The fair value adjustment to the assumed debt of Socastee Commons was a \$0.1 million premium.

On July 10, 2015, the Company acquired Columbus Village, a 65,000 square foot retail center in Virginia Beach, Virginia. In exchange for Columbus Village, the Company assumed debt with an aggregate outstanding principal balance and fair value of \$8.8 million, issued 1,000,000 Class B units of limited partnership interest in the Operating Partnership (“Class B Units”) and agreed to issue 275,000 Class C units of limited partnership interest in the Operating Partnership (“Class C Units”) on January 10, 2017. Subject to the occurrence of certain events, the Class B Units and Class C Units will not earn or accrue distributions until July 10, 2017 and January 10, 2018, respectively, at which time they automatically convert to Class A Units and may be tendered for redemption by the Operating Partnership in exchange for cash equal to the market price of shares of the Company’s common stock or, at the Company’s option and sole discretion, unregistered or registered shares of the Company’s common stock on a one-for-one basis. The estimated fair value of the Class B Units and Class C Units includes a discount for their lack of marketability and distributions until July 10, 2017 and January 10, 2018, respectively. The acquisition date fair value of the total consideration transferred in exchange for Columbus Village was \$19.2 million.

On September 1, 2015, the Company acquired Providence Plaza in Charlotte, North Carolina for \$26.2 million of cash. Providence Plaza is a mixed-use property comprised of three buildings totaling 103,000 square feet, a two-level parking garage and approximately one acre of land zoned for multifamily development.

The following table summarizes the acquisition date fair values of the assets acquired and liabilities assumed during the year ended December 31, 2015 (in thousands):

Land	\$	29,500
Site improvements		3,290
Building and improvements		49,260
In-place leases		14,160
Above-market leases		2,260
Below-market leases		(4,420)
Indebtedness		(13,935)
Net assets acquired	\$	<u>80,115</u>

Rental revenues and net income from the 2015 acquired properties for the period from the respective acquisition dates to December 31, 2015 included in the consolidated statement of comprehensive income was \$4.8 million and \$0.8 million, respectively.

2014 Operating Property Acquisitions

The Company completed the acquisition of Liberty Apartments on January 17, 2014. The fair value of the total consideration transferred at the acquisition date to acquire Liberty Apartments was \$26.7 million, consisting of 695,652 Class A Units, \$3.0 million in cash and the assumption of \$17.0 million of debt. The fair value adjustment to the assumed debt of Liberty Apartments was a \$1.5 million discount. The outstanding principal balance of the assumed debt of Liberty Apartments at the acquisition date was \$18.5 million.

On August 15, 2014, the Company completed the acquisition of Dimmock Square, a 106,166 square foot retail center located in Colonial Heights, Virginia. The fair value of the total consideration transferred at the acquisition date to acquire Dimmock Square was \$19.7 million, consisting of 990,952 OP Units and \$10.1 million of cash that was used to immediately defease the loan secured by Dimmock Square upon its contribution to the Operating Partnership.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed during the year ended December 31, 2014 (in thousands):

Land	\$	8,680
Site improvements		880
Building and improvements		35,740
In-place leases		2,220
Indebtedness		(16,966)
Above and below-market leases		(390)
Net working capital		(679)
Net assets acquired	\$	<u>29,485</u>

Rental revenues and net loss from the 2014 acquired properties for the period from the respective acquisition dates to December 31, 2014 included in the consolidated statement of comprehensive income was \$1.8 million and \$(2.2) million, respectively.

Pro Forma Financial Information (Unaudited)

The following table summarizes the consolidated results of operations of the Company on a pro forma basis, as if each of the 2016 acquisitions had been acquired on January 1, 2015, each of the 2015 acquisitions had been acquired on January 1, 2014 and each of the 2014 acquisitions had been acquired on January 1, 2013 (in thousands):

	Years Ended December 31,		
	2016	2015	2014
Rental revenues	\$ 101,250	\$ 105,479	\$ 74,530
Net income	13,327	18,492	13,378

The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if these acquisitions had taken place on January 1, 2015, 2014 and 2013. The pro forma financial information includes adjustments to rental revenue and rental expenses for above and below-market leases, adjustments to depreciation and amortization expense for acquired property and in-place lease assets and adjustments to interest expense for fair value adjustments to assumed debt.

Subsequent to December 31, 2016

On January 20, 2017, the Company completed the sale of the Wawa outparcel at Greentree Shopping Center. Net proceeds after transaction costs were \$4.4 million. The gain on the disposition was \$3.4 million.

Other 2016 Real Estate Transactions

On January 7, 2016, the Company completed the sale of a building constructed for the Economic Development Authority of Newport News, Virginia. Net proceeds after transaction costs were \$6.6 million. The gain on the disposition was \$0.4 million.

On January 8, 2016, the Company completed the sale of the Richmond Tower office building for \$78.0 million. Net proceeds after transaction costs were \$77.0 million. The gain on the disposition of Richmond Tower was \$26.2 million.

On June 20, 2016, the Company completed the sale of the Willowbrook Commons property located in Nashville, Tennessee for \$9.2 million. The gain on the sale of the Willowbrook Commons property was less than \$0.1 million.

On July 29, 2016, the Company completed the sale of the Kroger Junction property located in Pasadena, Texas for \$3.7 million. The loss on the sale of the Kroger Junction property was less than \$0.1 million.

On August 30, 2016, the Company entered into an operating agreement with Southern Apartment Group-Harding, LLC ("SAGH") to jointly develop an apartment development project in Charlotte, North Carolina. During the year ended December 31, 2016, the Company purchased \$5.7 million of land in conjunction with the project.

On September 15, 2016, the Company completed the sale of the Oyster Point office property for \$6.4 million. Net proceeds after transaction costs and settlement of liabilities were not significant. The gain on the disposition of Oyster Point was \$3.8 million.

On December 22, 2016, the Company completed the sale of land adjacent to the Brooks Crossing development for \$0.4 million. The gain on the disposition of the land was less than \$0.1 million.

Other 2015 Real Estate Transactions

On January 5, 2015, the Company completed the sale of the Sentara Williamsburg office property for \$15.4 million. Net proceeds to the Company after transaction costs were \$15.2 million. The Company recognized a gain on the disposition of the Sentara Williamsburg office property of \$6.2 million.

On February 13, 2015, the Company agreed to the future sale of the Oyster Point office property for \$6.5 million. The Company completed the sale on September 15, 2016.

On March 31, 2015, the Company purchased land held for development in the Town Center of Virginia Beach, Virginia for \$1.2 million.

On May 20, 2015, the Company completed the sale of Whetstone Apartments for \$35.6 million. Net proceeds to the Company after transaction costs were \$35.5 million. The Company recognized a gain on the disposition of Whetstone Apartments of \$7.2 million.

On October 5, 2015, the Company purchased 3.24 acres of land in Newport News, Virginia for \$0.1 million for the development of Brooks Crossing, a new urban, mixed-use and low-rise development project, in partnership with the City of Newport News.

On October 30, 2015, the Company completed the sale of the Oceaneering International facility for \$30.0 million. Net proceeds to the Company after transaction costs were \$29.0 million. The Company recognized a gain on the disposition of Oceaneering of \$5.0 million.

Other 2014 Real Estate Transactions

On April 16, 2014, the Company purchased land in Williamsburg, Virginia for \$7.6 million for the development and construction of Lightfoot Marketplace.

On May 1, 2014, the Company purchased land in Chesapeake, Virginia for \$0.3 million for the development and construction of a new administrative building for the Commonwealth of Virginia.

On September 29, 2014, the Company purchased land in Virginia Beach, Virginia for \$0.2 million for the development and construction of a new administrative building for the Commonwealth of Virginia.

On November 20, 2014, the Company completed the sale of the Virginia Natural Gas office property for \$8.9 million in cash. Net proceeds to the Company after transaction costs and tax protection payments were \$7.4 million. The gain on the disposition of the Virginia Natural Gas office property was \$2.2 million.

Equity Method Investments

City Center

On February 25, 2016, the Company acquired a 37% interest in Durham City Center II, LLC (“City Center”) for purposes of developing a 22-story mixed use tower in Durham, North Carolina. As of December 31, 2016, the Company has invested \$10.3 million in City Center. The Company has agreed to guarantee 37% of the construction loan for City Center; however, the loan is collateralized by 100% of the assets of City Center. As of December 31, 2016, the construction loan has not been drawn against.

As of December 31, 2016, the difference between the carrying value of the Company’s initial investment in City Center and the amount of underlying equity was immaterial. For the year ended December 31, 2016, City Center did not have any operating activity, and therefore the Company did not receive any dividends or allocated income.

Based on the terms of City Center’s operating agreement, the Company has concluded that City Center is a variable interest entity, and that the Company holds a variable interest. The Company does not have the power to direct the activities of the project that most significantly impact its performance. Accordingly, the Company is not the project’s primary beneficiary and, therefore, does not consolidate City Center in its consolidated financial statements.

6. Notes Receivable

Point Street Apartments

On October 15, 2015, the Company agreed to invest up to \$28.2 million in the Point Street Apartments project in the Harbor Point area of Baltimore, Maryland. Point Street Apartments is an estimated \$93.0 million development project with plans for a 17-story building comprised of 289 residential units and 18,000 square feet of street-level retail space. Beatty Development Group (“BDG”) is the developer of the project and has engaged the Company to serve as construction general contractor. Point Street Apartments is scheduled to open in 2017; however, management can provide no assurances that Point Street Apartments will open on the anticipated timeline.

BDG secured a senior construction loan of up to \$70.0 million to fund the development and construction of Point Street Apartments on November 10, 2016. The Company has agreed to guarantee \$25.0 million of the senior construction loan in exchange for the option to purchase up to an 88% controlling interest in Point Street Apartments upon completion of the project as follows: (i) an option to purchase a 79% indirect interest in Point Street Apartments for \$27.3 million, exercisable within one year from the project’s completion (the “First Option”) and (ii) provided that the Company has exercised the First Option, an option to purchase an additional 9% indirect interest in Point Street Apartments for \$3.1 million, exercisable within 27 months from the project’s completion (the “Second Option”). The Company currently has a \$2.1 million letter of credit for the guarantee of the senior construction loan.

The Company’s investment in the Point Street Apartments project is in the form of a loan under which BDG may borrow up to \$28.2 million (the “BDG loan”). Interest on the BDG loan accrues at 8.0% per annum and matures on the earlier of: (i) November 1, 2018, which may be extended by BDG under two one-year extension options, (ii) the maturity date or earlier termination of the senior construction loan or (iii) the date the Company exercises the Second Option as described further below.

In the event the Company exercises the First Option, BDG is required to pay down the outstanding BDG loan in full, with the difference between the BDG loan and \$28.2 million applied to the senior construction loan. In the event the Company exercises the Second Option, BDG is required to simultaneously repay any remaining amounts outstanding under the BDG loan, with any excess proceeds received from the exercise of the Second Option applied against the senior construction loan. In the event the Company does not exercise either the First Option or the Second Option, the interest rate on the BDG loan will automatically be reduced to the interest rate on the senior construction loan for the remaining term of the BDG loan.

As of December 31, 2016, the Company had funded \$20.6 million under the BDG loan and for the year ended December 31, 2016, the Company recognized \$1.2 million of interest income on the BDG loan.

Management has concluded that this entity is a VIE. Because BDG is the developer of Point Street Apartments, the Company does not have the power to direct the activities of the project that most significantly impact its performance, nor is the Company the party most closely associated with the project. Therefore, the Company is not the project’s primary beneficiary.

Annapolis Junction

On April 21, 2016, the Company entered into a note receivable with a maximum principal balance of \$42.0 million in the Annapolis Junction residential component of the Annapolis Junction Town Center project in Maryland (“Annapolis Junction”). Annapolis Junction is an estimated \$102.0 million mixed-use development project with plans for 416 residential units, 17,000 square feet of retail space and a 150-room hotel. Annapolis Junction Apartments Owner, LLC (“AJAO”) is the developer of the residential component and has engaged the Company to serve as construction general contractor for the residential component. Annapolis Junction is scheduled to open in 2017; however, management can provide no assurances that Annapolis Junction will open on the anticipated timeline or at the anticipated cost.

AJAO secured a senior construction loan of up to \$60.0 million to fund the development and construction of Annapolis Junction’s residential component on September 30, 2016. The Company has agreed to guarantee up to \$25.0 million of the senior construction loan in exchange for the option to purchase up to an 88% controlling interest in Annapolis Junction upon completion of the project as follows: (i) an option to purchase an 80% indirect interest in Annapolis Junction’s residential component for the lesser of the seller’s budgeted or actual cost, exercisable within one year from the project’s completion (the “First Option”) and (ii) provided that the Company has exercised the First

Option, an option to purchase an additional 8% indirect interest in Annapolis Junction for the lesser of the seller's actual or budgeted cost, exercisable within 27 months from the project's completion (the "Second Option").

The Company's investment in the Annapolis Junction project is in the form of a loan under which AJAO may borrow up to \$48.0 million, including a \$6.0 million interest reserve (the "AJAO loan"). Interest on the AJAO loan accrues at 10.0% per annum and matures on the earlier of: (i) December 21, 2020, which may be extended by AJAO under two one-year extension options, (ii) the maturity date or earlier termination of the senior construction loan or (iii) the date the Company exercises the Second Option as described further below. In the event that the Company exercises the First Option, AJAO is required to simultaneously pay down both the senior construction loan and the AJAO loan by 80%, at which time the interest rate on the AJAO loan will automatically be reduced to the interest rate on the senior construction loan. In the event the Company exercises the Second Option, AJAO is required to simultaneously repay any remaining amounts outstanding under the AJAO loan, with any excess proceeds received from the exercise of the Second Option applied against the remaining balance of the senior construction loan. In the event that the Company does not exercise either the First Option or the Second Option, the interest rate on the AJAO loan will automatically be reduced to the interest rate on the senior construction loan for the remaining term of the AJAO loan. During the year ended December 31, 2016, the Company recognized \$2.0 million of interest income on the note. No portion of the note receivable balance is past due and the Company has not recorded an impairment balance on the note.

The balance on the Annapolis Junction note was \$38.9 million as of December 31, 2016.

Management has concluded that this entity is a VIE. Because AJAO is the developer of Point Street Apartments, the Company does not have the power to direct the activities of the project that most significantly impact its performance, nor is the Company the party most closely associated with the project. Therefore, the Company is not the project's primary beneficiary.

7. *Construction Contracts*

Construction contract costs and estimated earnings in excess of billings represent reimbursable costs and amounts earned under contracts in progress as of the balance sheet date. Such amounts become billable according to contract terms, which usually consider the passage of time, achievement of certain milestones or completion of the project. Billings of \$13.5 million and \$19.2 million were netted against construction contract costs and estimated earnings as of December 31, 2016 and 2015, respectively. The Company expects to bill and collect substantially all construction contract costs incurred as of December 31, 2016 during the year ending December 31, 2017.

The Company defers precontract costs when such costs are directly associated with specific anticipated contracts and their recovery is probable. Precontract costs of \$1.5 million and \$0.5 million were deferred as of December 31, 2016 and 2015, respectively.

Billings in excess of construction contract costs and estimated earnings represent billings or collections on contracts made in advance of revenue recognized.

Construction receivables and payables include retentions—amounts that are generally withheld until the completion of the contract or the satisfaction of certain restrictive conditions such as fulfillment guarantees. As of December 31, 2016 and 2015, construction receivables included retentions of \$11.5 million and \$10.8 million, respectively. The Company expects to collect substantially all construction receivables as of December 31, 2016 during the year ending December 31, 2017. As of December 31, 2016 and 2015, construction payables included retentions of \$14.6 million and \$12.3 million, respectively. The Company expects to pay substantially all construction payables as of December 31, 2016 during the year ending December 31, 2017.

The Company's net position on uncompleted construction contracts comprised the following as of December 31, 2016 and 2015 (in thousands):

	December 31,	
	2016	2015
Costs incurred on uncompleted construction contracts	\$ 333,744	\$ 228,184
Estimated earnings	10,936	9,739
Billings	(354,737)	(240,059)
Net position	<u>\$ (10,057)</u>	<u>\$ (2,136)</u>

	December 31,	
	2016	2015
Construction contract costs and estimated earnings in excess of billings	\$ 110	\$ 88
Billings in excess of construction contract costs and estimated earnings	(10,167)	(2,224)
Net position	<u>\$ (10,057)</u>	<u>\$ (2,136)</u>

The Company expects to complete all uncompleted contracts as of December 31, 2016 during the years ending December 31, 2017, 2018 and 2019.

8. *Indebtedness*

The Company's indebtedness was comprised of the following as of December 31, 2016 and 2015 (dollars in thousands):

	Principal Balance		Stated Interest	Stated Maturity
	December 31,		Rate	Date
	2016	2015	December 31, 2016	
249 Central Park Retail ⁽¹⁾	\$ 17,076	\$ 15,282	LIBOR + 1.95%	August 8, 2021
Fountain Plaza Retail ⁽¹⁾	10,281	7,641	LIBOR + 1.95%	August 8, 2021
South Retail ⁽¹⁾	7,493	6,742	LIBOR + 1.95%	August 8, 2021
4525 Main Street ⁽²⁾	32,034	31,613	3.25%	September 10, 2021
Encore Apartments ⁽²⁾	24,966	25,184	3.25%	September 10, 2021
North Point Center Note 5 ⁽³⁾	643	664	LIBOR + 2.00%	February 1, 2017
Oyster Point	—	6,400	LIBOR +1.40%-2.00%	February 28, 2017
Harrisonburg Regal	3,256	3,463	6.06%	June 8, 2017
Commonwealth of Virginia - Chesapeake	4,933	4,933	LIBOR + 1.90%	August 28, 2017
Hanbury Village Note 1	20,709	20,970	6.67%	October 11, 2017
Lightfoot Marketplace	12,194	7,759	LIBOR + 1.90%	November 14, 2017
Sandbridge Commons	9,376	9,010	LIBOR + 1.85%	January 17, 2018
Southgate Square	21,150	—	LIBOR + 2.00%	April 29, 2021
Columbus Village Note 1 ⁽³⁾	6,258	6,429	LIBOR + 2.00%	April 5, 2018
Columbus Village Note 2	2,266	2,310	LIBOR + 2.00%	April 5, 2018
Johns Hopkins Village	43,841	3,968	LIBOR + 1.90%	July 30, 2018
North Point Center Note 1	9,776	9,969	6.45%	February 5, 2019
Revolving credit facility	107,000	74,000	LIBOR +1.40%-2.00%	February 20, 2019
Term loan(3)	50,000	50,000	LIBOR +1.35%-1.95%	February 20, 2020
Term loan	50,000	—	LIBOR +1.35%-1.95%	February 20, 2020
Socastee Commons	4,866	4,957	4.57%	January 6, 2023
North Point Center Note 2	2,564	2,662	7.25%	September 15, 2025
Smith's Landing	20,511	21,226	4.05%	June 1, 2035
Liberty Apartments	20,005	20,312	5.66%	November 1, 2043
The Cosmopolitan	45,884	46,519	3.75%	July 1, 2051
Total principal balance	\$ 527,082	\$ 382,013		
Unamortized fair value adjustments	(1,250)	(1,287)		
Unamortized debt issuance costs	(3,652)	(3,133)		
Indebtedness, net	<u>\$ 522,180</u>	<u>\$ 377,593</u>		

(1) Cross collateralized.

(2) Cross collateralized.

(3) Subject to an interest rate swap agreement.

The Company's indebtedness was comprised of the following fixed and variable-rate debt as of December 31, 2016 and 2015 (in thousands):

	December 31,	
	2016	2015
Fixed-rate debt	\$ 241,472	\$ 159,743
Variable-rate debt	285,610	222,270
Total principal balance	<u>\$ 527,082</u>	<u>\$ 382,013</u>

Certain loans require the Company to comply with various financial and other covenants, including the maintenance of minimum debt coverage ratios. As of December 31, 2016, the Company was in compliance with all loan covenants.

Scheduled principal repayments and term-loan maturities during each of the next five years and thereafter are as follows (in thousands):

Year	Scheduled Principal Payments	Term-Loan Maturities	Total Payments
2017	\$ 3,778	\$ 41,432	\$ 45,210
2018	3,655	60,873	64,528
2019	3,485	116,333	119,818
2020	4,482	100,000	104,482
2021	3,588	106,274	109,862
Thereafter	77,615	5,567	83,182
Total	<u>\$ 96,603</u>	<u>\$ 430,479</u>	<u>\$ 527,082</u>

Credit Facility

On February 20, 2015, the Operating Partnership, as borrower, and the Company, as parent guarantor, entered into a \$200.0 million senior unsecured credit facility that includes a \$150.0 million senior unsecured revolving credit facility and a \$50.0 million senior unsecured term loan facility. The credit facility includes an accordion feature that allows the total commitments to be increased to \$350.0 million, subject to certain conditions. On January 5, 2016 and March 31, 2016, the Company increased the total borrowing capacity to \$225.0 million and \$250.0 million, respectively. The credit facility replaced the prior \$155.0 million senior secured revolving credit facility that was scheduled to mature on May 13, 2016.

Depending on the Operating Partnership's total leverage, the revolving credit facility bears interest at LIBOR plus 1.40% to 2.00% and the term loan facility bears interest at LIBOR plus 1.35% to 1.95%. As of December 31, 2016, the interest rates on the revolving credit facility and the term loan facility were 2.32% and 2.27%, respectively. If the Company attains investment grade credit ratings from S&P and Moody's, the Operating Partnership may elect to have borrowings become subject to interest rates based on such credit ratings.

The Operating Partnership is also obligated to pay an unused commitment fee of 15 or 25 basis points on the unused portions of the commitments under the credit facility, depending on the amount of borrowings under the new credit facility.

The revolving credit facility has a scheduled maturity date of February 20, 2019, with a one-year extension option, subject to certain conditions, and the term loan facility has a scheduled maturity date of February 20, 2020. The Operating Partnership may, at any time, voluntarily prepay any loan under the credit facility in whole or in part without a material premium or penalty.

The amount permitted to be borrowed under the new credit facility, together with all of the Operating Partnership's other unsecured indebtedness is generally limited to the lesser of: (i) 60% of the value of the unencumbered borrowing

base properties, (ii) the maximum amount of principal that would result in a debt service coverage ratio of 1.50 to 1.0, and (iii) the maximum aggregate loan commitment, which was \$250.0 million as of December 31, 2016.

The credit facility requires the Operating Partnership to comply with various financial covenants, affirmative covenants and other restrictions, including the following:

- Total leverage ratio of the Company of not more than 60% (or 65% for the two consecutive quarters following any acquisition that is equal to or greater than 10% of our total asset value (as defined in the credit agreement), but only up to two times during the term of the credit facility);
- Ratio of adjusted EBITDA to fixed charges of the Company of not less than 1.50 to 1.0;
- Tangible net worth of not less than the sum of \$220.0 million and 75% of the net equity proceeds received after December 31, 2014;
- Ratio of variable rate indebtedness to total asset value of not more than 30%;
- Ratio of secured indebtedness to total asset value of not more than 45%; and
- Ratio of secured recourse debt to total asset value of not more than 25%.

The credit facility limits the Company's ability to pay cash dividends. However, so long as no default or event of default exists, the credit agreement allows the Company to pay cash dividends with respect to any 12-month period in an amount not to exceed the greater of: (i) 95% of adjusted funds from operations (as defined in the credit agreement) or (ii) the amount required for the Company (a) to maintain its status as a REIT and (b) to avoid income or excise tax. If certain defaults or events of default exist, the Company may pay cash dividends with respect to any 12-month period to the extent necessary to maintain its status as a REIT. The credit facility also restricts the amount of capital that the Operating Partnership can invest in specific categories of assets, such as unimproved land holdings, development properties, notes receivable, mortgages, mezzanine loans and unconsolidated affiliates.

Subsequent to December 31, 2016

On February 1, 2017, the Company increased the borrowings under the senior unsecured term loan facility to \$125.0 million and increased the total capacity of the senior unsecured credit facility to \$275.0 million, pursuant to the accordion feature of the credit facility.

On February 1, 2017, the Company paid off the North Point Center Note 5 in full.

On February 24, 2017, the Company secured a \$29.8 million construction loan for the Harding Place project in Charlotte, North Carolina.

Other 2016 Financing Activity

On August 8, 2016, the Company repaid the existing \$15.1 million mortgage loan secured by 249 Central Park Retail, the \$6.7 million mortgage loan on South Retail and the \$7.6 million mortgage loan on Fountain Plaza and refinanced them with a \$35.0 million five-year term mortgage loan that bears interest at LIBOR plus 1.95% and matures on August 8, 2021. The new mortgage loan is collateralized by all three properties. The loss on extinguishment of debt recognized on the refinancing was less than \$0.1 million.

On August 30, 2016, the Company repaid the existing \$31.6 million construction loan secured by 4525 Main Street and the \$25.2 million construction loan on Encore Apartments and refinanced them with a \$57.0 million five-year term mortgage loan that bears interest at 3.25% and matures on September 10, 2021. The new mortgage is collateralized by both properties. The loss on extinguishment of debt recognized on the refinancing was less than \$0.1 million for the year ended December 31, 2016.

During the year ended December 31, 2016, the Company borrowed \$44.4 million under its construction loans to fund new development and construction.

Other 2015 Financing Activity

On May 20, 2015, the Company repaid the \$17.8 million construction loan secured by Whetstone Apartments and recognized a loss on extinguishment of debt of \$0.1 million representing unamortized debt issuance costs.

On May 27, 2015, the Company repaid the existing \$24.4 million mortgage secured by Smith's Landing and refinanced the property with a new \$21.6 million loan that bears interest at 4.05% and matures on June 1, 2035. As a result of the refinancing, the Company recognized a \$0.1 million loss on extinguishment of debt representing the unamortized debt issuance costs associated with the repaid mortgage.

On July 1, 2015, the Company assumed debt with an outstanding principal balance of \$5.0 million in connection with the acquisition of Socastee Commons. The mortgage bears interest at 4.57% and matures on January 6, 2023.

On July 10, 2015, the Company assumed two loans with an aggregate outstanding principal balance of \$8.8 million in connection with the acquisition of Columbus Village. Both loans bear interest at LIBOR plus 2.00% and mature on April 5, 2018.

On July 30, 2015, the Company entered into a \$50.0 million loan agreement to fund the development and construction of Johns Hopkins Village. The construction loan bears interest at LIBOR plus 1.90% and matures on July 30, 2018.

On September 1, 2015, the Company repaid the \$6.1 million mortgage secured by the Oyster Point office building.

On October 6, 2015, the Operating Partnership entered into a \$6.4 million note secured by the Oyster Point office building, which bears interest at LIBOR plus 1.40% to 2.00% and matures on February 28, 2017. This note was paid in full in conjunction with the sale of the Oyster Point office building.

On October 30, 2015, the Company repaid the \$18.7 million construction loan secured by the Oceaneering International building and recognized a loss on debt extinguishment of debt of \$0.1 million representing unamortized debt issuance costs.

Other 2014 Financing Activity

On January 17, 2014, the Company assumed \$17.0 million of debt at fair value in connection with the acquisition of Liberty Apartments. The fair value adjustment to the assumed debt of Liberty Apartments was a \$1.5 million discount. The outstanding principal balance of the assumed debt of Liberty Apartments at the acquisition date was \$18.5 million. On June 13, 2014, the Company borrowed the remaining \$2.4 million available under the Liberty Apartments loan. The loan amortizes over 30 years, bears interest at 5.66% and matures on November 1, 2043.

On February 28, 2014, the Company closed on a \$19.5 million loan to fund the development and construction of the Oceaneering International facility. The construction loan bears interest at LIBOR plus 1.75% and matures on February 28, 2018.

On August 15, 2014, the Company defeased the loan secured by Dimmock Square for \$10.1 million.

On August 28, 2014, the Company closed on a \$5.4 million loan to fund the development and construction of a new administrative building for the Commonwealth of Virginia. The construction loan bears interest at LIBOR plus 1.90% and matures on August 28, 2017.

On November 3, 2014, the Company repaid North Point Center Note 4 for \$1.0 million.

On November 14, 2014, the Company closed on a \$15.0 million loan to fund the development and construction of Lightfoot Marketplace. The construction loan bears interest at LIBOR plus 1.90% and matures on November 14, 2017.

9. *Derivative Financial Instruments*

On February 20, 2015, the Operating Partnership entered into a \$50.0 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$50.0 million interest rate swap has a fixed rate of 2.00%, an effective date of March 1, 2016 and a maturity date of February 20, 2020. The Operating Partnership

entered into this interest rate swap agreement in connection with the \$50.0 million senior unsecured term loan facility that bears interest at LIBOR plus 1.35% to 1.95%, depending on the Operating Partnership's total leverage. The Company designated this interest rate swap as a cash flow hedge of variable interest payments based on one-month LIBOR.

On July 13, 2015, the Operating Partnership entered into a \$6.5 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$6.5 million interest rate swap has a fixed rate of 3.05%, an effective date of July 13, 2015 and a maturity date of April 5, 2018. The Company designated this interest rate swap as a cash flow hedge of variable interest payments based on one-month LIBOR.

On October 26, 2015, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$75.0 million at a strike rate of 1.25% for a premium of \$0.1 million. The interest rate cap agreement expires on October 15, 2017.

On February 25, 2016, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$75.0 million at a strike rate of 1.50% for a premium of less than \$0.1 million. The interest rate cap agreement expires on March 1, 2018.

On June 17, 2016, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$70.0 million at a strike rate of 1.00% for a premium of less than \$0.1 million. The interest rate cap agreement expires on June 17, 2018.

On March 14, 2014, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$50.0 million at a strike rate of 1.25% for a premium of \$0.4 million. The interest rate cap agreement expires on March 1, 2017.

The Company's derivatives comprised the following as of December 31, 2016 and 2015 (in thousands):

	December 31,					
	2016			2015		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Asset	Liability		Asset	Liability
Interest rate swaps	\$ 56,901	\$ —	\$ (829)	\$ 57,093	\$ —	\$ (1,082)
Interest rate caps	270,000	259	—	246,546	164	—
Total	<u>\$326,901</u>	<u>\$ 259</u>	<u>\$ (829)</u>	<u>\$303,639</u>	<u>\$ 164</u>	<u>\$ (1,082)</u>

The changes in the fair value of the Company's derivatives during each of the three years ended December 31, 2016 was as follows (in thousands):

	Years Ended December 31,		
	2016	2015	2014
Interest rate swaps	\$ (795)	\$ (1,071)	\$ 5
Interest rate caps	(146)	(233)	(238)
Total	<u>\$ (941)</u>	<u>\$ (1,304)</u>	<u>\$ (233)</u>
Comprehensive income statement presentation:			
Change in fair value of interest rate derivatives	\$ (941)	\$ (229)	\$ (233)
Unrealized gain (loss) on cash flow hedge	—	(1,075)	—
Total	<u>\$ (941)</u>	<u>\$ (1,304)</u>	<u>\$ (233)</u>

Effective March 31, 2016, the Company determined that the short-cut method of hedge accounting was not appropriate for two of its interest-rate swaps and, for accounting purposes, the hedge relationship was terminated. The swaps were entered into in February and July 2015. Accordingly, changes in fair value of the swap should have been recorded in income rather than other comprehensive income. The Company determined that the errors were immaterial to all previously issued financial statements. The Company recognized \$0.7 million of accumulated other comprehensive income and \$0.4 million, which was previously allocated to noncontrolling interest as of December 31, 2015, in earnings during the first quarter of 2016. Subsequent changes in the value of the interest rate swap for the period from January 1, 2016 to December 31, 2016 were also recognized in earnings during the year ended December 31, 2016. Net income for the year ended December 31, 2015 was overstated by \$1.0 million. In reaching its conclusions, management considered the nature of the error, the effect of the error on operating results for 2015, and the effects of the error on important financial statement measures, including related trends.

The Company has not designated any of its interest rate caps as hedging instruments under GAAP.

Subsequent to December 31, 2016

On February 1, 2017, the North Point Center Note 5 was paid in full, which terminated the interest rate swap agreement associated with the note. The loss on the interest rate swap agreement was not significant.

On February 7, 2017, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$50.0 million at a strike rate of 1.50% for a premium of \$0.2 million. The interest rate cap expires on March 1, 2019.

10. Equity

Stockholders' Equity

As of December 31, 2016 and 2015, the Company's authorized capital was 500 million shares of common stock and 100 million shares of preferred stock. The Company had 37.5 million and 30.1 million shares of common stock issued and outstanding as of December 31, 2016 and 2015, respectively. No shares of preferred stock were issued and outstanding as of December 31, 2016 and 2015.

On April 8, 2015, the Company issued 415,500 shares of common stock in a private placement as partial consideration for the acquisition of Perry Hall Marketplace.

On May 5, 2015, the Company commenced an at-the-market continuous equity program through which the Company may, from time to time, issue and sell shares of its common stock having an aggregate offering price of up to \$50.0 million (the "Prior ATM Program"). During the year ended December 31, 2015, the Company issued and sold an aggregate of 1,108,149 shares of common stock at a weighted average price of \$10.26 per share. Net proceeds to the Company after offering costs and commissions were \$10.9 million.

On May 4, 2016, the Company commenced a new at-the-market continuous equity offering program (the “2016 ATM Program”) through which the Company may, from time to time, issue and sell shares of its common stock having an aggregate offering price of up to \$75.0 million. Upon commencing the 2016 ATM Program, the Company simultaneously terminated the Prior ATM Program, which the Company entered into in May 2015 and under which, the Company issued and sold an aggregate of 1,152,919 shares of common stock at a weighted average price of \$10.87 per share, resulting in aggregate net proceeds after offering costs and commissions of \$12.2 million. From the inception date of the 2016 ATM Program through December 31, 2016, the Company issued and sold an aggregate of 4,159,936 shares of common stock at a weighted average price of \$13.45 per share under the 2016 ATM Program, receiving net proceeds after offering costs and commissions of \$54.8 million.

On October 13, 2016, the Company completed the acquisition of Columbus Village II, a stabilized retail asset for aggregate consideration of 2,000,000 shares of common stock, which based on the closing stock price on the date of the acquisition, leads to an acquisition price of \$26.2 million. On October 19, 2016, the Company filed a registration statement covering resales of the shares pursuant to a registration rights agreement with the sellers.

On December 9, 2015, the Company completed an underwritten public offering of 3,450,000 shares of common stock. The net proceeds to the Company after deducting the underwriting discount and related offering costs were \$35.1 million.

On September 15, 2014, the Company completed an underwritten public offering of 5,750,000 shares of common stock. The net proceeds to the Company after deducting the underwriting discount and related offering costs were \$49.3 million.

Noncontrolling Interests

As of December 31, 2016 and 2015, the Company held a 68.1% and 65.6% interest in the Operating Partnership, respectively. As the sole general partner and the majority interest holder, the Company consolidates the financial position and results of operations of the Operating Partnership. Noncontrolling interests in the Company represent OP Units not held by the Company.

As partial consideration for Columbus Village, the Operating Partnership issued 1,000,000 Class B Units on July 10, 2015 and issued 275,000 Class C Units on January 10, 2017. Subject to the occurrence of certain events, the Class B Units and Class C Units will not earn or accrue distributions until July 10, 2017 and January 10, 2018, respectively, at which time they automatically convert to Class A Units.

On January 17, 2014, the Operating Partnership issued 695,652 Class A Units as partial consideration for the acquisition of Liberty Apartments. On March 31, 2014, the Operating Partnership issued 30,000 Class A Units in exchange for all noncontrolling interests in Sandbridge Commons. The Company recognized the difference between the fair value of the Class A Units issued and the adjustment to the carrying amount of the noncontrolling interests in Sandbridge Commons directly in equity as additional paid-in capital. On August 15, 2014, the Operating Partnership issued 990,952 Class A Units as partial consideration for the acquisition of Dimmock Square.

Holders of OP Units may not transfer their units without the Company’s prior consent as general partner of the Operating Partnership. Subject to the satisfaction of certain conditions, holders of Class A Units may tender their units for redemption by the Operating Partnership in exchange for cash equal to the market price of shares of the Company’s common stock at the time of redemption or, at the Company’s option and sole discretion, for unregistered or registered shares of common stock on a one-for-one basis. Accordingly, the Company presents OP Units of the Operating Partnership not held by the Company as noncontrolling interests within equity in the consolidated balance sheets.

Common Stock Dividends and Class A Unit Distributions

During the year ended December 31, 2016, the Company declared the following dividends per share and distributions per unit:

Declaration Date	Record Date	Paid Date	Dividend Per Share/Distribution Per Unit
January 31, 2016	March 30, 2016	April 7, 2016	\$ 0.18
May 2, 2016	June 29, 2016	July 7, 2016	0.18
August 4, 2016	September 28, 2016	October 6, 2016	0.18
November 3, 2016	December 28, 2016	January 5, 2017	0.18
Total			<u>\$ 0.72</u>

During the year ended December 31, 2016, the Company paid cash dividends of \$22.7 million to common stockholders and the Operating Partnership paid cash distributions of \$11.1 million to holders of Class A Units.

The tax treatment of dividends paid to common stockholders during the year ended December 31, 2016 was as follows (unaudited):

Capital gains	—%
Ordinary income	78.00%
Return of capital	22.00%
Total	<u>100.00%</u>

During the year ended December 31, 2015, the Company declared the following dividends per share and distributions per unit:

Declaration Date	Record Date	Paid Date	Dividend Per Share/Distribution Per Unit
January 28, 2015	April 1, 2015	April 9, 2015	\$ 0.17
May 8, 2015	July 1, 2015	July 9, 2015	0.17
August 6, 2015	October 1, 2015	October 8, 2015	0.17
November 6, 2015	December 31, 2015	January 7, 2016	0.17
Total			<u>\$ 0.68</u>

During the year ended December 31, 2015, the Company paid cash dividends of \$17.1 million to common stockholders and the Operating Partnership paid cash distributions of \$9.9 million to holders of Class A Units.

The tax treatment of dividends paid to common stockholders during the year ended December 31, 2015 was as follows (unaudited):

Capital gains	—%
Ordinary income	64.21%
Return of capital	35.79%
Total	<u>100.00%</u>

During the year ended December 31, 2014, the Company declared the following dividends per share and distributions per unit:

Declaration Date	Record Date	Paid Date	Dividend Per Share/Distribution Per Unit
February 18, 2014	April 1, 2014	April 10, 2014	\$ 0.16
May 9, 2014	July 1, 2014	July 10, 2014	0.16
August 4, 2014	October 1, 2014	October 9, 2014	0.16
November 10, 2014	December 30, 2014	January 8, 2015	0.16
Total			<u>\$ 0.64</u>

During the year ended December 31, 2014, the Company paid cash dividends of \$13.2 million to common stockholders and the Operating Partnership paid cash distributions of \$8.9 million to holders of OP Units.

The tax treatment of dividends paid to common stockholders during the year ended December 31, 2014 was as follows (unaudited):

Capital gains	5.3%
Ordinary income	52.3%
Return of capital	42.4%
Total	<u>100.0%</u>

Subsequent to December 31, 2016

On January 5, 2017, the Company paid cash dividends of \$6.7 million to common stockholders and the Operating Partnership paid cash distributions of \$3.0 million to holders of Class A Units. These dividends and distributions were declared and accrued as of December 31, 2016.

On January 10, 2017, the Company issued 275,000 Class C Units pursuant to the terms of the previously completed Columbus Village acquisition.

On January 10, 2017, the Company issued 68,691 Class A Units for the remaining 20% interests in the Town Center Phase VI project.

On February 2, 2017, the Board of Directors declared a cash dividend of \$0.19 per share to stockholders of record on March 29, 2017.

11. Stock-Based Compensation

The Company's 2013 Equity Incentive Plan permits the grant of restricted stock awards, stock options, stock appreciation rights, performance units and other equity-based awards up to an aggregate of 700,000 shares of common stock over the ten-year term of the plan. As of December 31, 2016, the Company had 218,050 shares of common stock reserved for issuance under the 2013 Equity Incentive Plan.

During the three years ended December 31, 2016, the Company granted an aggregate of 0.1 million, 0.1 million and 0.1 million shares of restricted stock to employees and nonemployee directors, respectively. The weighted average grant date fair value of the restricted stock awards granted during each of the three years ended December 31, 2016 was \$1.4 million, \$1.2 million and \$1.3 million, respectively. Employee restricted stock awards generally vest over a period of two years: one-third immediately on the grant date and the remaining two-thirds in equal amounts on the first two anniversaries following the grant date, subject to continued service to the Company. Nonemployee director restricted stock awards vest either immediately upon grant or over a period of one year, subject to continued service to the Company. Unvested restricted stock awards are entitled to receive dividends from their grant date.

During each of the three years ended December 31, 2016, the Company recognized \$1.2 million, \$1.0 million and \$1.3 million of stock-based compensation, respectively. As of December 31, 2016, the total unrecognized compensation cost related to nonvested restricted shares was \$0.4 million, substantially all of which the Company expects to recognize over the next 15 months.

The following table summarizes the changes in the Company's nonvested restricted stock awards during the year ended December 31, 2016:

	Restricted Stock Awards	Weighted Average Grant Date Fair Value Per Share
Nonvested as of January 1, 2016	102,055	\$ 10.52
Granted	121,243	11.22
Vested	(118,374)	10.63
Forfeited	(85)	10.84
Nonvested as of December 31, 2016	104,839	\$ 11.20

Restricted stock awards granted and vested during the year ended December 31, 2016 include 20,011 shares tendered by employees to satisfy minimum statutory tax withholding obligations.

12. *Fair Value of Financial Instruments*

Fair value measurements are based on assumptions that market participants would use in pricing an asset or a liability. The hierarchy for inputs used in measuring fair value is as follows:

Level 1 Inputs—quoted prices in active markets for identical assets or liabilities

Level 2 Inputs—observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3 Inputs—unobservable inputs

Except as disclosed below, the carrying amounts of the Company's financial instruments approximate their fair value. Financial assets and liabilities whose fair values are measured on a recurring basis using Level 2 inputs consist of interest rate swaps and interest rate caps. The Company measures the fair values of these assets and liabilities based on prices provided by independent market participants that are based on observable inputs using market-based valuation techniques.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. For disclosure purposes, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

The fair value of the Company's debt is sensitive to fluctuations in interest rates. Discounted cash flow analysis based on Level 2 inputs is generally used to estimate the fair value of the Company's debt.

Considerable judgment is used to estimate the fair value of financial instruments. The estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments.

The carrying amounts and fair values of the Company's financial instruments, all of which are based on Level 2 inputs, as of December 31, 2016 and 2015 were as follows (in thousands):

	December 31,			
	2016		2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Indebtedness, net	\$ 522,180	\$ 527,414	\$ 377,593	\$ 384,691
Interest rate swap liabilities	829	829	1,082	1,082
Interest rate cap assets	259	259	164	164

13. *Income Taxes*

The income tax benefit (provision) for each of the three years ended December 31, 2016 comprised the following (in thousands):

	Years Ended December 31,		
	2016	2015	2014
Federal income taxes:			
Current	\$ (197)	\$ 102	\$ (37)
Deferred	(109)	(72)	(6)
State income taxes:			
Current	(24)	13	(26)
Deferred	(13)	(9)	(1)
Income tax benefit (provision)	<u>\$ (343)</u>	<u>\$ 34</u>	<u>\$ (70)</u>

As of December 31, 2016 and 2015, the Company had \$0.5 million and \$0.6 million of net deferred tax assets representing basis differences in the assets of the TRS and stock-based compensation attributable to the TRS.

Management has evaluated the Company's income tax positions and concluded that the Company has no uncertain income tax positions as of December 31, 2016 and 2015. The Company is subject to examination by the applicable taxing authorities for the tax years 2013 through 2016. For the year ended December 31, 2016, the Company was subject to three separate tax examinations. The Internal Revenue Service ("IRS") is examining the Company's 2014 income tax returns. The Virginia Department of Taxation is examining the Company's Virginia tax returns for the tax years 2013 through 2016, and the North Carolina Department of Revenue is examining the Company's North Carolina sales tax returns for the tax years 2013 through 2016. The North Carolina Department of Revenue sales tax audit was completed in December 2016 resulting in no liability to the Company.

14. *Other Assets*

Other assets were comprised of the following as of December 31, 2016 and 2015 (in thousands):

	December 31,	
	2016	2015
Acquired lease intangibles, net	\$ 38,853	\$ 18,418
Leasing costs, net	9,338	10,839
Leasing incentives, net	4,764	5,408
Prepaid expenses and other	10,056	2,781
Advance deposits on property acquisitions	75	3,500
Preacquisition development costs	1,079	2,504
Other assets	<u>\$ 64,165</u>	<u>\$ 43,450</u>

15. *Other Liabilities*

Other liabilities were comprised of the following as of December 31, 2016 and 2015 (in thousands):

	December 31,	
	2016	2015
Dividends and distributions payable	\$ 9,727	\$ 7,621
Deferred ground rent payable	8,202	7,484
Acquired lease intangibles, net	15,545	5,872
Prepaid rent and other	3,227	2,145
Security deposits	1,679	1,267
Interest rate swaps	829	1,082
Other liabilities	<u>\$ 39,209</u>	<u>\$ 25,471</u>

16. *Acquired Lease Intangibles*

The following table summarizes the Company's acquired lease intangibles as of December 31, 2016 (in thousands):

	December 31, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
In-place lease assets	\$ 49,124	\$ 15,350	\$ 33,774
Above-market lease assets	4,490	1,138	3,352
Below-market lease liabilities	18,039	2,494	15,545
Below-market ground lease assets	1,920	193	1,727

The following table summarizes the Company's acquired lease intangibles as of December 31, 2015 (in thousands):

	December 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
In-place lease assets	\$ 19,700	\$ 5,128	\$ 14,572
Above-market lease assets	2,380	314	2,066
Below-market lease liabilities	6,640	768	5,872
Below-market ground lease assets	1,920	140	1,780

Amortization of in-place lease assets, net below-market lease liabilities and below-market ground lease assets for the year ended December 31, 2016 was \$10.2 million, \$1.8 million and less than \$0.9 million, respectively.

Amortization of in-place lease assets, net below-market lease liabilities and below-market ground lease assets for the year ended December 31, 2015 was \$2.9 million, \$0.1 million and less than \$0.1 million, respectively.

Amortization of in-place lease assets, net below-market lease liabilities and below-market ground lease assets for the year ended December 31, 2014 was \$1.3 million, \$0.2 million, and less than \$0.1 million, respectively.

As of December 31, 2016, the weighted-average remaining lives of in-place lease assets, above-market lease assets, and below-market lease assets were 5.3 years, 6.7 years and 9.9 years, respectively. As of December 31, 2016, the weighted-average remaining life of below-market lease renewal options was 9.0 years.

Estimated amortization of acquired lease intangibles for each of the five succeeding years is as follows (in thousands):

	Rental Revenues		Rental Expenses	Depreciation and Amortization
Year ending December 31,				
2017	\$	1,002	\$ 53	\$ 9,535
2018		993	53	6,682
2019		883	53	5,192
2020		743	53	3,522
2021		755	53	2,125

17. *Related Party Transactions*

The Company provides general contracting and real estate services to certain related party entities that are not included in these consolidated financial statements. Revenue from construction contracts with related party entities of the Company was \$26.7 million, \$9.6 million and \$5.3 million for each of the three years ended December 31, 2016, respectively. Gross profits from such contracts were \$1.0 million, \$0.3 million and \$0.3 million for each of the three years ended December 31, 2016, respectively. Amounts from related parties of the Company included in construction receivables as of December 31, 2016 and 2015 were \$3.4 million and \$1.8 million, respectively. Real estate services fees from affiliated entities of the Company was \$0.5 million for the year ended December 31, 2014 and were not significant for either of the years ended December 31, 2016 or 2015. In addition, affiliated entities also reimburse the Company for monthly maintenance and facilities management services provided to the properties. Cost reimbursements earned by the Company from affiliated entities were not significant for any of the three years ended December 31, 2016.

In connection with the formation transactions for the Company's initial public offering, the Operating Partnership entered into tax protection agreements that indemnify certain directors and executive officers of the Company from their tax liabilities resulting from the potential future sale of certain of the Company's properties within seven (or, in a limited number of cases, ten) years of the completion of the formation transactions on May 13, 2013. Upon completing the sale of the Virginia Natural Gas office property on November 20, 2014, the Operating Partnership paid \$1.3 million under such tax protection agreements. The \$1.3 million of tax protection payments made in connection with the Virginia Natural Gas office property sale is presented within gain on real estate dispositions in the consolidated statements of comprehensive income.

18. *Commitments and Contingencies*

Legal Proceedings

The Company is from time to time involved in various disputes, lawsuits, warranty claims, environmental and other matters arising in the ordinary course of its business. Management makes assumptions and estimates concerning the likelihood and amount of any potential loss relating to these matters.

The Company currently is a party to various legal proceedings, none of which management expects will have a material adverse effect on the Company's financial position, results of operations or liquidity. Management accrues a liability for litigation if an unfavorable outcome is determined to be probable and the amount of loss can be reasonably estimated. If an unfavorable outcome is determined by management to be probable and a range of loss can be reasonably estimated, management accrues the best estimate within the range; however, if no amount within the range is a better estimate than any other, the minimum amount within the range is accrued. Legal fees related to litigation are expensed as incurred. Management does not believe that the ultimate outcome of these matters, either individually or in the aggregate, could have a material adverse effect on the Company's financial position or results of operations; however, litigation is subject to inherent uncertainties.

Under the Company's leases, tenants are typically obligated to indemnify the Company from and against all liabilities, costs and expenses imposed upon or asserted against it as owner of the properties due to certain matters relating to the operation of the properties by the tenant.

Commitments

The Company has a bonding line of credit for its general contracting construction business and is contingently liable under performance and payment bonds, bonds for cancellation of mechanics liens and defect bonds. Such bonds collectively totaled \$40.5 million and \$183.0 million as of December 31, 2016 and 2015, respectively.

The Operating Partnership has entered into standby letters of credit using the available capacity under the credit facility. The letters of credit relate to the guarantee of future performance on certain of the Company's construction contracts. Letters of credit generally are available for draw down in the event the Company does not perform. As of December 31, 2016 and 2015, the Operating Partnership had total outstanding letters of credit of \$4.1 million and \$8.0 million, respectively. The amount outstanding at December 31, 2016 includes a \$2.1 million letter of credit related to the guarantee on the Point Street Apartments senior construction loan.

The Company has five ground leases on four properties with initial terms that range from 20 to 65 years and options to extend up to an additional 40 years in certain cases. The Company also leases automobiles and equipment.

Future minimum rental payments during each of the next five years and thereafter are as follows (in thousands):

2017	\$	1,715
2018		1,738
2019		1,813
2020		1,821
2021		1,840
Thereafter		91,453
Total	\$	<u>100,380</u>

Ground rent expense for each of the three years ended December 31, 2016 was \$2.0 million, \$1.7 million and \$1.8 million, respectively.

Concentrations of Credit Risk

The majority of the Company's properties are located in Hampton Roads, Virginia. For each of the three years ended December 31, 2016, rental revenues from Hampton Roads properties represented 52%, 68% and 69%, respectively, of the Company's rental revenues. Many of the Company's Hampton Roads properties are located in the Town Center of Virginia Beach. For each of the three years ended December 31, 2016, rental revenues from Town Center properties represented 41%, 46% and 47%, respectively, of the Company's rental revenues. Rental revenues from Richmond Tower, which we sold in January 2016, individually represented 1%, 11% and 13% of the Company's rental revenues for each of the three years ended December 31, 2016, respectively.

A single construction project in Baltimore, Maryland represented 18% and 64% of the Company's general contracting and real estate services revenues for the years ended December 31, 2016 and 2015, respectively. The same project

represented 29% and 50% of the Company's general contracting and real estate services segment gross profit for the years ended December 31, 2016 and 2015, respectively.

19. Selected Quarterly Financial Data (Unaudited)

The following tables summarize certain selected quarterly financial data for 2016 and 2015 (in thousands, except per share data):

	2016 Quarters			
	First	Second	Third	Fourth
Rental revenues	\$ 23,283	\$ 24,251	\$ 25,305	\$ 26,516
General contracting and real estate services revenues	36,803	33,200	38,552	50,475
Net operating income	17,371	17,973	18,393	19,740
Net income ⁽¹⁾	26,533	3,131	7,946	5,145
Net income attributable to stockholders	17,370	2,034	5,212	3,458
Net income per share: basic and diluted	\$ 0.57	\$ 0.06	\$ 0.15	\$ 0.09

	2015 Quarters			
	First	Second	Third	Fourth
Rental revenues	\$ 18,190	\$ 19,908	\$ 21,303	\$ 21,771
General contracting and real estate services revenues	29,071	47,066	53,822	41,309
Net operating income	12,702	15,101	16,488	15,819
Net income	8,118	10,285	4,337	8,443
Net income attributable to stockholders	5,105	6,521	2,688	5,328
Net income per share: basic and diluted	\$ 0.20	\$ 0.25	\$ 0.10	\$ 0.19

(1) First quarter amount includes a \$26.2 million gain on the disposition of Richmond Tower.

SCHEDULE III—Consolidated Real Estate Investments and Accumulated Depreciation
December 31, 2016

	Initial Cost		Cost Capitalized		Gross Carrying Amount			Net Carrying Amount(1)	Year of Construction/ Acquisition
	Encumbrances	Land	Building and Improvements	Subsequent to Acquisition	Land	Building and Improvements	Total		
Office									
4525 Main Street	\$ 32,034	\$ 982	\$ —	\$ —	\$ 982	\$ 40,759	\$ 41,741	\$ 38,734	2014
Armada Hoffer Tower	— ⁽²⁾	1,976	—	—	1,976	56,613	58,589	31,162	2002
Commonwealth of Virginia—Chesapeake	4,933	328	—	—	328	6,211	6,539	5,952	2015
Commonwealth of Virginia—Virginia Beach	—	208	—	—	208	2,159	2,367	2,186	2015
One Columbus	— ⁽²⁾	960	10,269	7,345	960	17,614	18,574	8,947	1984/2000
Two Columbus	— ⁽²⁾	53	—	19,036	53	19,036	19,089	13,090	2009
Total office	\$ 36,967	\$ 4,507	\$ 10,269	\$ 132,123	\$ 4,507	\$ 142,392	\$ 146,899	\$ 100,071	
Retail									
249 Central Park Retail	\$ 17,076	\$ 712	\$ —	\$ —	\$ 712	\$ 14,838	\$ 15,550	\$ 7,909	2004
Alexander Pointe	— ⁽²⁾	4,050	4,880	23	4,050	4,903	8,953	232	1997
Bermuda Crossroads	— ⁽²⁾	5,450	10,641	689	5,450	11,330	16,780	14,976	2001/2013
Broad Creek Shopping Center	— ⁽²⁾	—	—	15,845	—	15,845	15,845	8,446	1997-2001
Broadmoor Plaza	—	2,410	9,010	24	2,410	9,034	11,444	11,007	1980
Brooks Crossing	—	117	—	2,276	117	2,276	2,393	22	2016
Columbus Village	8,524	7,631	10,135	—	7,631	10,135	17,766	439	1985/2015
Columbus Village II	—	14,536	10,922	14	14,536	10,936	25,472	104	1995/1996
Commerce Street Retail	— ⁽²⁾	118	—	3,209	118	3,209	3,327	1,173	2008
Courthouse 7-Eleven	— ⁽²⁾	1,007	—	1,043	1,007	1,043	2,050	136	2011
Dick's at Town Center	— ⁽²⁾	67	—	10,522	67	10,522	10,589	7,082	2002
Dimmock Square	— ⁽²⁾	5,100	13,126	46	5,100	13,172	18,272	877	1998/2014
Fountain Plaza Retail	10,281	425	—	7,112	425	7,112	7,537	4,587	2004
Gainsborough Square	— ⁽²⁾	2,229	—	7,064	2,229	7,064	9,293	3,005	1999
Greentree Shopping Center	—	1,523	—	4,280	1,523	4,280	5,803	377	2014
Hanbury Village	20,709 ⁽²⁾	3,793	—	19,262	3,793	19,262	23,055	5,770	2009
Harper Hill Commons	— ⁽²⁾	2,840	8,510	12	2,840	8,522	11,362	301	2004
Harrisonburg Regal	3,256	1,554	—	4,149	1,554	4,149	5,703	1,881	1999
Lightfoot Marketplace	12,194	7,628	—	14,728	7,628	14,728	22,356	227 ⁽³⁾	0 ⁽³⁾
North Hampton Market	— ⁽²⁾	7,250	10,210	140	7,250	10,350	17,600	469	2004
North Point Center	12,983 ⁽²⁾	1,936	—	25,119	1,936	25,119	27,055	11,788	1998
Oakland Marketplace	—	1,850	3,370	10	1,850	3,380	5,230	436	2004
Parkway Marketplace	— ⁽²⁾	1,150	—	3,540	1,150	3,540	4,690	1,678	1998

Patterson Place	—	(2)	15,059	20,180	11	15,059	20,191	35,250	676	34,574	2004
Perry Hall Marketplace	—	(2)	3,240	8,316	91	3,240	8,407	11,647	548	11,099	2001/2015
Providence Plaza	—	(2)	9,950	12,369	476	9,950	12,845	22,795	505	22,290	2008/2015
Renaissance Place	—	—	6,730	8,439	—	6,730	8,439	15,169	47	15,122	2008
Sandbridge Commons	9,376	—	5,267	—	7,236	5,267	7,236	12,503	511	11,992	2015
Socastee Commons	4,866	—	2,320	5,380	45	2,320	5,425	7,745	328	7,417	2000/2015
South Retail	7,493	—	190	—	7,623	190	7,623	7,813	3,731	4,082	2002
South Square	—	—	14,130	12,670	14	14,130	12,684	26,814	476	26,338	1977/2005
Southgate Square	21,150	—	8,890	25,950	62	8,890	26,012	34,902	620	34,282	1991/2016
Southshore Shops	—	—	1,770	6,509	5	1,770	6,514	8,284	85	8,199	2006
Stone House Square	—	(2)	6,360	16,350	236	6,360	16,586	22,946	974	21,972	2008/2015
Studio 56 Retail	—	(2)	76	—	2,477	76	2,477	2,553	727	1,826	2007
Tyre Neck Harris Teeter	—	(2)	—	—	3,306	—	3,306	3,306	756	2,550	2011
Waynesboro Commons	—	—	1,300	1,610	10	1,300	1,620	2,920	192	2,728	1993
Wendover Village	—	(2)	12,710	14,490	7	12,710	14,497	27,207	498	26,709	2004
Total retail	\$ 127,908	\$161,368	\$ 127,908	\$ 213,067	\$ 155,544	\$161,368	\$ 368,611	\$529,979	\$ 64,374	\$ 465,605	
Multifamily											
Encore Apartments	\$ 24,966	\$ 1,293	\$ —	\$ —	30,124	\$ 1,293	\$ 30,124	\$ 31,417	\$ 1,997	\$ 29,420	2014
Harding Place	—	5,706	—	—	2,453	5,706	2,453	8,159	—	8,159	(3)
Liberty Apartments	20,005	3,580	23,494	—	1,215	3,580	24,709	28,289	2,566	25,723	2013/2014
Johns Hopkins Village	43,841	—	—	—	65,875	—	65,875	65,875	863	65,012	(3)
Smith's Landing	20,511	—	—	35,105	1,153	—	36,258	36,258	4,284	31,974	2009/2013
The Cosmopolitan	45,884	985	—	—	56,957	985	56,957	57,942	18,641	39,301	2006
Town Center Phase VI	—	1,174	—	—	1,615	1,174	1,615	2,789	—	2,789	—
Total multifamily	\$ 155,207	\$ 12,738	\$ 58,599	\$ —	\$ 159,392	\$ 12,738	\$ 217,991	\$230,729	\$ 28,351	\$ 202,378	
Held for development	\$ —	\$ 680	\$ —	\$ —	\$ —	\$ 680	\$ —	\$ 680	\$ —	\$ 680	
Real estate investments	\$ 320,082	\$179,293	\$ 281,935	\$ —	\$ 447,059	\$179,293	\$ 728,994	\$908,287	\$ 139,553	\$ 768,734	

(1) The net carrying amount of real estate for federal income tax purposes was \$655.9 million as of December 31, 2016.

(2) Borrowing base collateral for the credit facility as of December 31, 2016.

(3) Construction in progress as of December 31, 2016.

Income producing property is depreciated on a straight-line basis over the following estimated useful lives:

Buildings	39 years
Capital improvements	15—20 years
Equipment	5—15 years
Tenant improvements	Term of the related lease
	(or estimated useful life, if shorter)

	Real Estate		Accumulated	
	Investments		Depreciation	
	December 31,			
	2016	2015	2016	2015
Balance at beginning of the year	\$ 633,591	\$ 595,000	\$ 125,380	\$ 116,099
Construction costs and improvements	56,630	52,533	—	—
Acquisitions	248,987	83,230	—	—
Dispositions	(30,467)	(23,181)	(352)	(668)
Reclassifications	(454)	(73,991)	(8,928)	(8,729)
Depreciation	—	—	23,453	18,678
Balance at end of the year	\$ 908,287	\$ 633,591	\$ 139,553	\$ 125,380

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Armada Hoffler Properties, Inc. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3, filed on June 2, 2014)
3.2	Amended and Restated Bylaws of Armada Hoffler Properties, Inc. (Incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
4.1	Form of Certificate of Common Stock of Armada Hoffler Properties, Inc. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.1	Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P. (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2013)
10.2†	Armada Hoffler Properties, Inc. 2013 Equity Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.3†	Form of Restricted Stock Award Agreement (Time Vesting) (Incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.4	Indemnification Agreement between Armada Hoffler Properties, Inc. and each of the Directors and Officers listed on Schedule A thereto (Incorporated by Reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed on March 2, 2016)
10.5	Tax Protection Agreement by and among Armada Hoffler Properties, Inc. and the persons listed on the signature page thereto (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2013)
10.6	Representation, Warranty and Indemnity Agreement among Armada Hoffler Properties, Inc., Armada Hoffler, L.P. and Daniel A. Hoffler (Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2013)
10.7†	Armada Hoffler, L.P. Executive Severance Benefit Plan with the participants listed on Schedule A thereto (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed on April November 12, 2013)
10.8	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Daniel A. Hoffler, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.9	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and A. Russell Kirk, dated February 12, 2013 (Incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.10	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Louis S. Haddad, dated as of February 11, 2013 (Incorporated by reference a to Exhibit 10.10 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.11	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Anthony P. Nero, dated as of February 12, 2013 (Incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.12	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Eric E. Apperson, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)

Exhibit Number	Description
10.13	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Michael P. O'Hara, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.14	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and John C. Davis, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.15	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Alan R. Hunt, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.15 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.16	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Shelly R. Hampton, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.17	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and William Christopher Harvey, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.18	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Eric L. Smith, dated as of February 12, 2013 (Incorporated by reference to Exhibit 10.18 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.19	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and John E. Babb, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.19 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.20	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Rickard E. Burnell, dated as of February 12, 2013 (Incorporated by reference to Exhibit 10.20 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.21	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and A/H TWA Associates, L.L.C., dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.21 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.22	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and RMJ Kirk Fortune Bay, L.L.C., dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.22 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.23	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Kirk Gainsborough, L.L.C., dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.23 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.24	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Chris A. Sanders, dated as of January 25, 2013 (Incorporated by reference to Exhibit 10.24 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.25	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Allen O. Keene, dated as of January 21, 2013 (Incorporated by reference to Exhibit 10.25 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.26	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Bruce G. Ford, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.26 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)

Exhibit Number	Description
10.27	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and DIAN, LLC, dated as of January 28, 2013 (Incorporated by reference to Exhibit 10.27 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.28	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Compson of Richmond, L.C., Thomas Comparato and Lindsey Smith Comparato, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.28 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.29	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Bruce Smith Enterprises, LLC and Bruce B. Smith, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.29 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.30	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Steyn, LLC, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.30 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.31	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and D&F Beach, L.L.C., dated as of February 1, 2013 (Incorporated by reference to Exhibit 10.31 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.32	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and DF Smith's Landing, LLC, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.32 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.33	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Spratley Family Holdings, L.L.C., dated as of January 22, 2013 (Incorporated by reference to Exhibit 10.33 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.34	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Columbus One, LLC, DP Columbus Two, LLC, City Center Associates, LLC, TC Block 7 Partners LLC, TC Block 12 Partners LLC, TC Block 3 Partners LLC, TC Block 6 Partners LLC, TC Block 8 Partners LLC, TC Block 11 Partners LLC and TC Apartment Partners, LLC, dated as of February 1, 2013 (Incorporated by reference to Exhibit 10.34 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.35	Asset Purchase Agreement by and among AHP Asset Services, LLC and Armada Hoffler Holding Company, Inc., dated as of , 2013 (Incorporated by reference to Exhibit 10.36 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.36	Contribution Agreement for the Apprentice School Apartment property by and among Armada Hoffler, L.P., Washington Avenue Associates, L.L.C. and Washington Avenue Apartments, L.L.C., and dated as of , 2013 (Incorporated by reference to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.37	Land Option Agreement by and between and Armada Hoffler, L.P. and Courthouse Marketplace Parcel 7, L.L.C., dated as of May 1, 2013 (Incorporated by reference to Exhibit 10.38 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.38	Land Option Agreement by and between and Armada Hoffler, L.P. and Courthouse Marketplace Outparcels, L.L.C., dated as of May, 1 2013 (Incorporated by reference to Exhibit 10.39 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.39	Land Option Agreement by and between and Armada Hoffler, L.P. and Hanbury Village, LLC, dated as of May 1, 2013 (Incorporated by reference to Exhibit 10.40 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)

Exhibit Number	Description
10.40	Land Option Agreement by and between and Armada Hoffler, L.P. and Lake View AH-VNG, LLC, dated as of May 1, 2013 (Incorporated by to Exhibit 10.41 reference to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.41	Land Option Agreement by and between and Armada Hoffler, L.P. and Oyster Point Hotel Associates, L.L.C., dated as of May 1, 2013 (Incorporated by reference to Exhibit 10.42 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.42	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Oyster Point Investors, L.P., dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.43 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.43†	Form of Restricted Stock Award Agreement for Directors (Incorporated by reference to Exhibit 10.44 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.44	Option Agreement dated May 1, 2013 by and between Armada/Hoffler Properties, L.L.C. and Armada Hoffler, L.P. (Incorporated by reference to Exhibit 10.45 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.45	Option Transfer Agreement by and among Town Center Associates, L.L.C. Armada/Hoffler Properties, L.L.C., City Center Associates, L.L.C. and Armada Hoffler, L.P., dated as of May 10, 2013 (Incorporated by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q, filed on August 14, 2013)
10.46	Construction Loan Agreement among TCA Block 11 Apartments, LLC and TCA Block 11 Office, LLC as Borrower and Bank of America, N.A., as Administrative Agent, dated as of July 30, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on August 13, 2013)
10.47	Credit Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Bank of America, N.A., dated as of February 20, 2015 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 25, 2015)
10.48	Unconditional Guaranty Agreement by Armada Hoffler, L.P. and certain subsidiaries of Armada Hoffler, L.P. named therein for the benefit of the Administrative Agent and the lenders named in the Credit Agreement, dated as of February 20, 2015 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on February 25, 2015)
10.49	Amendment No. 1, dated as of March 19, 2014, to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on May 15, 2014)
10.50†	Armada Hoffler Properties, Inc. Short-Term Incentive Program (Incorporated by reference to Exhibit 10.53 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed on March 16, 2015)
10.51	Amendment No. 2, dated as of July 10, 2015, to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 16, 2015)
10.52	Construction Loan Agreement, dated as of July 30, 2015, by and among Hopkins Village, LLC, as Borrower, Bank of America, N.A., and the other financial institutions party thereto (Incorporated by reference to Exhibit 10.1 the Company's Current Report on Form 8-K, filed on August 5, 2015)
10.53	Agreement of Sale and Purchase, dated as of November 2, 2015, by and between AH Richmond Tower I, LLC and Kireland Management, LLC (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on January 13, 2016)

Exhibit Number	Description
10.54	First Amendment to Agreement of Sale and Purchase, dated as of November 10, 2015, by and between AH Richmond Tower I, LLC and Kireland Management, LLC (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on January 13, 2016)
10.55	Purchase and Sale Agreement, dated as of December 3, 2015, by and between DDR-SAU South Square, L.L.C., DDR-SAU Durham Patterson, L.L.C., DDR-SAU Wendover Phase II, L.L.C., DDR-SAU Salisbury Alexander, L.L.C., DDR-SAU Winston-Salem Harper Hill, L.L.C., DDR-SAU Greer North Hampton Market, L.L.C., DDR-SAU Nashville Willowbrook, L.L.C., DDR-SAU South Bend Broadmoor, L.L.C., DDR-SAU Oakland, L.L.C., DDR-SAU Waynesboro, L.L.C., DDR-SAU Pasadena Red Bluff Limited Partnership and AHP Acquisitions, LLC (Incorporated by reference to Exhibit 10.55 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed on March 2, 2016)
10.56	First Amendment to Purchase and Sale Agreement, dated as of December 14, 2015, by and between DDR-SAU South Square, L.L.C., DDR-SAU Durham Patterson, L.L.C., DDR-SAU Wendover Phase II, L.L.C., DDR-SAU Salisbury Alexander, L.L.C., DDR-SAU Winston-Salem Harper Hill, L.L.C., DDR-SAU Greer North Hampton Market, L.L.C., DDR-SAU Nashville Willowbrook, L.L.C., DDR-SAU South Bend Broadmoor, L.L.C., DDR-SAU Oakland, L.L.C., DDR-SAU Waynesboro, L.L.C., DDR-SAU Pasadena Red Bluff Limited Partnership and AHP Acquisitions, LLC (Incorporated by reference to Exhibit 10.56 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed on March 2, 2016)
10.57*	Form of Performance Unit Award Agreement
21.1*	List of Subsidiaries of Armada Hoffler Properties, Inc.
23.1*	Consent of Ernst & Young LLP, Independent Public Accounting Firm
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Presentation Linkbase Document
*	Filed herewith
**	Furnished herewith
†	Management contract or compensatory plan or arrangement

PERFORMANCE UNIT AWARD AGREEMENT

THIS PERFORMANCE UNIT AWARD AGREEMENT (the “Agreement”), dated as of the [] day of [], 20[], governs the Performance Unit Award granted by ARMADA HOFFLER PROPERTIES, INC., a Maryland corporation (the “Company”), to [] (the “Participant”), in accordance with and subject to the provisions of the Company’s 2013 Equity Incentive Plan (the “Plan”). A copy of the Plan has been made available to the Participant. All terms used in this Agreement that are defined in the Plan have the same meaning given them in the Plan.

1. Grant of Performance Units. In accordance with the Plan, and effective as of [], 20[] (the “Grant Date”), the Company hereby grants to the Participant, subject to the terms and conditions of the Plan and this Agreement, an award of Performance Units (the “Award”). The Performance Units are notional units (not actual shares of Common Stock), representing an unfunded, unsecured right to receive shares of Common Stock in the future based on the level of achievement of the performance criteria set forth in Exhibit A over a performance period commencing on [], 20[], and ending on the earlier of (a) the day preceding the third anniversary thereof, and (b) a Control Change Date (the “Performance Period”). The “target” number of Performance Units awarded is [] (the “Target Award”). The actual number of Performance Units earned will be determined in accordance with Exhibit A and Section 2 of this Agreement, and may be greater than or less than the Target Award.

2. Determination of Amount Earned; Vesting; Termination of Employment.
 - (a) Determination of Amount Earned. Within sixty (60) days after the end of the Performance Period, the Committee shall determine the number of Earned Performance Units, if any, pursuant to Exhibit A and this Section 2(a). If a Control Change Date occurs during the Performance Period (resulting in the closing of the Performance Period as of the Control Change Date), the amount of Earned Performance Units shall be determined as follows: (i) the amount of Performance Units earned based on Absolute TSR (as such term is defined in Exhibit A), if any, shall be calculated based on the Company’s Absolute TSR through the Control Change Date, with the Absolute TSR percentages in the left column of the table in Section 2(a) of Exhibit A prorated by multiplying such percentages by a fraction, the numerator of which is the number of days from and including the first day of the Performance Period through the Control Change Date, and the denominator of which is 1,096, and (ii) the amount of Performance Units earned based on Relative TSR (as such term is defined in Exhibit A), if any, shall be calculated in accordance with Exhibit A based on TSR calculated through the Control Change Date.

 - (b) Vesting. Subject to Section 2(c) below, fifty percent (50%) of any Earned Performance Units shall vest on the last day of the Performance Period, twenty-five percent (25%) of any Earned Performance Units shall vest on the first (1st) anniversary of the last day of the Performance Period, and the remaining twenty-five percent (25%) of any Earned Performance Units shall vest on the second (2nd) anniversary of the last day of the Performance Period (each such date, a “Vesting Date,” and each period between the first day of the Performance Period and a Vesting Date, a “Vesting Period”). For the avoidance of doubt, if a Control Change Date occurs during the Performance Period, the last day of the Performance Period shall be the Control Change Date for all purposes under this Agreement, including this Section 2(b).

 - (c) Termination of Employment. Except as provided in Sections 2(c)(i) and (ii) below, if the Participant’s employment with the Company and its Affiliates (and any successors thereto) terminates on or before a Vesting Date, any unvested Performance Units shall immediately and automatically be forfeited as of the date of termination, and the Participant shall have no further rights with respect to this Award.
 - (i) Involuntary Termination Before a Control Change Date. If, before a Control Change Date, the Participant’s employment with the Company and its Affiliates (and any successors thereto) terminates due to an Involuntary Termination, the number of Earned Performance Units that vest on each remaining Vesting Date (which shall not be accelerated due to the

termination), if any, shall be prorated by multiplying the number of Earned Performance Units that otherwise would have vested on such Vesting Date by a fraction, the numerator of which is the number of days the Participant was employed during the applicable Vesting Period, and the denominator of which is the total number of days in the Vesting Period.

- (ii) *Involuntary Termination Following a Control Change Date.* If, within the period beginning on a Control Change Date and ending on the date twenty-four (24) months following the Control Change Date, the Participant's employment with the Company and its Affiliates (and any successors thereto) terminates due to an Involuntary Termination, all Earned Performance Units, to the extent unvested, shall immediately vest as of the date of the termination of employment and, within sixty (60) days following the date of such termination, the Company will issue to the Participant one share of Common Stock for each outstanding Earned Performance Unit (together with any related Dividend Equivalent Rights) provided the Participant has executed and delivered a general release of claims in favor of the Company and its Affiliates (and any successor(s) thereto) on the Company's standard form of release agreement, and such release has become irrevocable within sixty (60) days following the date of termination. To the extent the Company determines that the Performance Units constitute nonqualified deferred compensation for purposes of Section 409A of the Code ("Section 409A") and such sixty (60) day period spans two calendar years, any earned shares of Common Stock shall be issued in the later calendar year.
- (iii) *Cause.* For purposes of this Agreement, a termination of the Participant's employment with the Company or an Affiliate (or any successors thereto) is with Cause if such employment is terminated on account of (i) the Participant's continued failure to perform the duties and responsibilities of his or her position, the Participant's failure to perform a material duty or the Participant's material breach of an obligation under an agreement with the Company or a breach of a material and written Company policy other than by reason of mental or physical illness or injury, (ii) the Participant's breach of a fiduciary duty to the Company, (iii) the Participant's conduct that is demonstrably and materially injurious to the Company, materially or otherwise or (iv) the Participant's conviction of, or plea of *nolo contendere* to, a felony or crime involving moral turpitude or fraud or dishonesty involving assets of the Company and that in all cases is described in a written notice from the Company and that is not cured, to the reasonable satisfaction of the Company, within thirty (30) days after such notice is received by the Participant.
- (iv) *Disability.* For purposes of this Agreement, the Participant shall be considered to have a Disability if the Participant is considered "disabled," as that term is used in Section 409A (a)(2)(C) of the Code.
- (v) *Good Reason.* For purposes of this Agreement, the Participant's resignation is with Good Reason if the Participant resigns on account of (i) the Company's material breach of an agreement with the Participant or a direction from the Board that the Participant act or refrain from acting which in either case would be unlawful or contrary to a material and written Company policy, (ii) a material reduction in the Participant's base salary or annual bonus opportunity or (iii) a requirement that the Participant relocate the Participant's employment more than fifty (50) miles from the location of the Participant's principal office on the Date of Grant, without the consent of the Participant. The Participant's resignation shall not be a resignation with Good Reason unless the Participant gives the Company written notice (delivered within thirty (30) days after the Participant knows of the event, action, etc. that the Participant asserts constitutes Good Reason), the event, action, etc. that the Participant asserts constitutes Good Reason is not cured, to the reasonable satisfaction of the Participant, within thirty (30) days after such notice and the Participant resigns effective not later than thirty (30) days after the expiration of such cure period.

- (vi) *Involuntary Termination.* For purposes of this Agreement, the term “Involuntary Termination” means a termination of the Participant’s employment (A) due to the Participant’s Disability or death, (B) by the Company or an Affiliate (or any successors thereto) without Cause, or (C) by the Participant for Good Reason.

3. Timing and Manner of Payment of Earned Performance Units. Except as provided in Section 2(c)(ii) above, (a) within sixty (60) days following the first Vesting Date (either the last day of the Performance Period or the Control Change Date, as applicable), the Company shall issue to the Participant one share of Common Stock for each Earned Performance Unit that vests as of such Vesting Date, (b) with respect of any Earned Performance Units that vest on the first (1st) and/or second (2nd) anniversary of the last day of the Performance Period (or on such anniversaries of a Control Change Date, as applicable), the Company shall issue one share of Common Stock for each Earned Performance Unit that vests as of such Vesting Date, with such shares issued on the applicable Vesting Date.
4. Tax Withholding. In accordance with Section 14.05 of the Plan (or any successor provision), the Company shall have the power and right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy any federal, state, local and other taxes (including the Participant’s payroll tax obligations) required by law to be withheld with respect to this Award. Any minimum statutory federal, state, district or city withholding tax obligations may be satisfied (a) by surrendering to the Company shares of Common Stock previously acquired by the Participant; or (b) by authorizing the Company to withhold or reduce the number of shares of Common Stock otherwise issuable to the Participant upon the settlement of the Performance Units.
5. Dividend Equivalent Rights. The Participant shall also be entitled to Dividend Equivalent Rights with respect to the Performance Units. If the Company declares a normal dividend on its shares of Common Stock and the record date of such dividend is prior to the earlier of the date the Performance Units (i) are converted into shares of Common Stock or (ii) terminate, the Participant shall receive a Dividend Equivalent Right equal to such normal dividend for each outstanding Performance Unit. Any such Dividend Equivalent Rights shall be accumulated (without interest) and shall be subject to the same terms and conditions as are applicable to the Performance Units to which the Dividend Equivalent Right relates, including, without limitation, the restrictions on transfer, forfeiture, vesting and payment provisions contained in this Agreement. Earned Dividend Equivalent Rights, if any, shall be paid either in cash or by issuance of a number of shares of Common Stock having a value equal to the amount of cash that would be paid if the Dividend Equivalent Rights were settled in cash, rounding down to the nearest whole share, as determined by the Committee in its sole discretion, with such payment or issuance of shares occurring on the date shares of Common Stock are issued in respect of the Earned Performance Units to which the Dividend Equivalent Rights relate.
6. Transferability. The Performance Units and any right to receive shares of Common Stock and any related Dividend Equivalent Rights pursuant to this Award cannot be transferred, assigned, alienated, or otherwise encumbered in any manner other than by will or the laws of descent and distribution.
7. Stockholder Rights. The Participant shall not have any privileges of a stockholder of the Company with respect to the Performance Units (including the right to vote and to receive dividends and other distributions paid with respect to shares of Common Stock) unless and until, and only to the extent, the Performance Units are settled by the issuance of shares of Common Stock to the Participant. Notwithstanding the foregoing, the Participant shall be entitled to Dividend Equivalent Rights pursuant to Section 5.
8. Changes in Capitalization. The Performance Units shall be subject to the provisions of Article XII of the Plan relating to adjustments upon changes in Common Stock.
9. No Right to Continued Employment. Neither this Agreement nor the grant of the Performance Units shall give the Participant any rights with respect to continued employment by the Company or an Affiliate or interfere with the right of the Company or an Affiliate to terminate the Participant’s employment.

10. Governing Law. This Agreement shall be governed by the laws of the State of Maryland except to the extent that Maryland law would require the application of the laws of another State.
11. Conflicts. In the event of any conflict between the provisions of the Plan as in effect on the Date of Grant and this Agreement, the provisions of the Plan shall govern. All references herein to the Plan shall mean the Plan as in effect on the Date of Grant.
12. Participant Bound by Plan. The Participant hereby acknowledges that a copy of the Plan has been made available to the Participant and the Participant agrees to be bound by all the terms and provisions of the Plan.
13. Binding Effect. Subject to the limitations stated above and in the Plan, this Agreement shall be binding upon the Participant and the Participant's successors in interest and the Company and any successors of the Company.
14. Clawback Policy. This Award, and any amounts earned hereunder shall be subject to any clawback or similar policy of the Company, as may be adopted from time to time.
15. Section 409A. It is intended that any amounts payable under this Performance Unit Award be exempt from the provisions of Section 409A and the Treasury Regulations relating thereto. No amount shall be payable pursuant to a termination of the Participant's employment unless such termination constitutes a separation from service under Section 409A. To the extent any amounts payable upon the Participant's separation from service are nonqualified deferred compensation under Section 409A, and if the Participant is at such time a specified employee under Section 409A, then to the extent required under Section 409A payment of such amounts shall be postponed until six (6) months following the date of the Participant's separation from service (or until any earlier date of the Participant's death), upon which date all such postponed amounts shall be paid to the Participant in a lump sum, and any remaining payments due shall be paid as otherwise provided herein. The determination of whether the Participant is a specified employee shall be made by the Company in accordance with Section 409A. Additionally, to the extent required under Section 409A, a Control Change Date shall not be deemed to have occurred unless the Change in Control also constitutes a "change in control event" described in Treasury Regulation Section 1.409A-3(i)(5).

IN WITNESS WHEREOF, the Company and the Participant have executed this Agreement effective as of the date first above written.

ARMADA HOFFLER PROPERTIES, INC.

By: _____
Name:
Title:

PARTICIPANT

By: _____
Name:
Title:

EXHIBIT A

1. Performance Goal: Total Shareholder Return (“TSR”) during the Performance Period.
2. Number of Performance Units Earned: The number of Performance Units earned under this Agreement will be based [●]% on Absolute TSR and [●]% on Relative TSR. TSR shall be expressed as a percentage, calculated as the quotient of (A) Ending Stock Price plus Dividends Paid and (B) Beginning Stock Price, minus one (1):

$$\text{TSR} = ((\text{Ending Stock Price} + \text{Dividends Paid}) / \text{Beginning Stock Price}) - 1$$

- (a) Absolute TSR: To determine the number of Performance Units earned based upon Absolute TSR, the Target Award shall first be multiplied by [●]% (such product, the “Target Absolute Award”). Following the determination of TSR, the amount of the Target Absolute Award earned shall be determined based on the following chart. Interpolation shall be used in the event the percent does not fall directly on one of the percentages listed in the chart and in no event will the payout as a percent of the Target Absolute Award exceed [●]%.

Absolute TSR	Payout as a Percent of Target Absolute Award
36% and above	[●]%
30%	[●]%
24%	[●]%
Less than 24%	[●]%

- (b) Relative TSR: To determine the number of Performance Units earned based upon Relative TSR, the Target Award shall first be multiplied by [●]% (such product, the “Target Relative Award”). To determine Relative TSR, the Index Companies will be ranked from highest TSR to lowest TSR (with the Index Company with the lowest TSR being ranked number 1, the Index Company with the second lowest TSR being ranked number 2 and so on) and determining the Company’s percentile rank based upon its position in the list by dividing the Company’s position by the total number of Index Companies (including the Company) and rounding the quotient to the nearest hundredth. For example, if the Company were ranked 108 on the list of 144 Index Companies, its percentile rank would be [●]%. The number of Performance Units earned based upon Relative TSR shall then be determined based upon the following chart. Interpolation shall be used in the event the Company’s percentile rank does not fall directly on one of the ranks listed in the chart and in no event will the payout as a percent of Target Relative Awards exceed [●]%.

Relative TSR	Payout as a Percent of Target Relative Award
75 th Percentile	[●]%
62½ th Percentile	[●]%
50 th Percentile	[●]%
Below 50 th Percentile	[●]%

- (c) Earned Performance Units. The total number of Performance Units earned is determined by adding the Performance Units earned based upon Absolute TSR and the Performance Units earned based upon Relative TSR (such total, the “Earned Performance Units”).

3. Definitions

- (a) “Beginning Stock Price” shall mean the average trailing closing price of a share of Common Stock or a share of Index Company stock, as the case may be, for the five (5) trading days immediately prior to the first day of the Performance Period.
- (b) “Ending Stock Price” shall mean the highest average trailing closing price during any 30 consecutive trading days of a share of Common Stock or a share of Index Company stock, as the case may be, during the final ninety (90) days of the Performance Period.
- (c) “Dividends Paid” shall include all dividends and distributions made and declared, assuming such dividends and distributions are deemed to have been reinvested in additional shares of Common Stock or additional shares of an Index Company, as applicable.
- (d) “Index Companies” means the constituent companies of the MSCI US REIT Index on the first day of the Performance Period; provided, however, that any such company the shares of which are not readily tradable on a national securities market as of the last day of the Performance Period shall not be included in the Index Companies.

List of Subsidiaries of Armada Hoffler Properties, Inc.

Name	Place of Organization
A/H Harrisonburg Regal L.L.C.	Virginia
A/H North Pointe, Inc.	Virginia
AH Columbus II, L.L.C.	Virginia
AH Durham Apartments, L.L.C.	Virginia
AH Greentree, L.L.C.	Virginia
AH Richmond Tower I, L.L.C.	Virginia
AH Sandbridge, L.L.C.	Virginia
AH Southeast Commerce Center, L.L.C.	Virginia
AHP Acquisitions, LLC	Virginia
AHP Asset Services, LLC	Virginia
AHP Construction, LLC	Virginia
AHP Development, LLC	Virginia
AHP Holding, Inc.	Virginia
AHP Tenant Services, LLC	Virginia
Alexander Pointe Salisbury, LLC	Virginia
Armada Hoffler Manager, LLC	Virginia
Armada Hoffler, L.P.	Virginia
Armada/Hoffler Block 8 Associates, L.L.C.	Virginia
Armada/Hoffler Charleston Associates, L.P.	Virginia
Armada/Hoffler Tower 4, L.L.C.	Virginia
Bermuda Shopping Center, L.L.C.	Virginia
Block 11 Manager, LLC	Virginia
Broad Creek PH. I, L.L.C.	Virginia
Broad Creek PH. II, L.L.C.	Virginia
Broad Creek PH. III, L.L.C.	Virginia
Broadmoor Plaza Indiana, LLC	Virginia
BSE/AH Blacksburg Apartments, LLC	Virginia
Columbus Tower, L.L.C.	Virginia
Columbus Town Center, LLC	Virginia
Columbus Town Center II, LLC	Virginia
Courthouse Marketplace Outparcels, L.L.C.	Virginia
Courthouse Office Building, LLC	Virginia
Dimmock Square Marketplace, LLC	Virginia
Durham City Center II, LLC	North Carolina
FBJ Investors, Inc.	Virginia
Ferrell Parkway Associates, L.L.C.	Virginia
Gateway Centre, L.L.C.	Virginia
Greenbrier Ocean Partners, LLC	Virginia
Greenbrier Ocean Partners II, LLC	Virginia
Greenbrier Technology Center II Associates, L.L.C.	Virginia
Hanbury Village II, L.L.C.	Virginia
Harding Place Residential Partners, LLC	Virginia
Harper Hill North Carolina, LLC	Virginia

Name	Place of Organization
Hoffler and Associates EAT, LLC	Virginia
Hopkins Village, L.L.C.	Virginia
HT Tyre Neck, L.L.C.	Virginia
Lightfoot Marketplace Shopping Center, LLC	Virginia
New Armada Hoffler Properties I, LLC	Virginia
New Armada Hoffler Properties II, LLC	Virginia
North Hampton Market South Carolina, LLC	Virginia
North Point Development Associates, L.L.C.	Virginia
North Point Development Associates, L.P.	Virginia
North Pointe Outparcels, L.L.C.	Virginia
North Pointe PH. 1 Limited Partnership	Virginia
North Pointe VW4, L.L.C.	Virginia
North Pointe-CGL, L.L.C.	Virginia
Oakland Marketplace Tennessee, LLC	Virginia
Oyster Point Office Building, LLC	Virginia
Patterson Place Durham, LLC	Virginia
Perry Hall Maryland, LLC	Virginia
Providence Plaza Charlotte, LLC	Virginia
Renaissance Charlotte, LLC	Virginia
Socastee Myrtle Beach, LLC	Virginia
Southgate Square Virginia, LLC	Virginia
Southshore Pointe, LLC	Virginia
South Square Durham, LLC	Virginia
Southeast Commerce Center Associates, LLC	Virginia
Stone House Maryland, LLC	Virginia
TCA 9 Plaza, LLC	Virginia
TCA 10 GP, LLC	Virginia
TCA Block 11 Apartments, LLC	Virginia
TCA Block 11 Office, LLC	Virginia
TCA Block 4 Retail, L.L.C.	Virginia
TCA Block 6, L.L.C.	Virginia
Tower Manager, LLC	Virginia
Town Center Associates, LLC	Virginia
Town Center Associates 7, L.L.C.	Virginia
Town Center Associates 9, LLC	Virginia
Town Center Associates 12, L.L.C.	Virginia
Town Center Block 10 Apartments, L.P.	Virginia
Washington Avenue Apartments, L.L.C.	Virginia
Waynesboro Commons Virginia, LLC	Virginia
Wendover Village Greensboro, LLC	Virginia
Williamsburg Medical Building, LLC	Virginia

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following:

- (1) Registration Statement (Form S-8 No.333-188545) pertaining to the 2013 Equity Incentive Plan of Armada Hoffler Properties, Inc., and
- (2) Registration Statements (Forms S-3 No. 333-196473, 333-204063, and 333-214176) of Armada Hoffler Properties, Inc.;

of our report dated March 1, 2017, with respect to the consolidated financial statements and schedule of Armada Hoffler Properties, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2016.

/s/ Ernst & Young LLP

McLean, Virginia
March 1, 2017

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Louis S. Haddad, certify that:

1. I have reviewed this Annual Report on Form 10-K of Armada Hoffler Properties, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2017

/s/ Louis S. Haddad

Louis S. Haddad

President and Chief Executive Officer

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Michael P. O'Hara, certify that:

1. I have reviewed this Annual Report on Form 10-K of Armada Hoffler Properties, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2017

/s/ Michael P. O'Hara

Michael P. O'Hara

Chief Financial Officer and Treasurer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Armada Hoffler Properties Inc. (the “Company”) on Form 10-K for the period ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Louis S. Haddad, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in my capacity as an officer of the Company that, to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 1, 2017

/s/ Louis S. Haddad

Louis S. Haddad

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Armada Hoffler Properties Inc. (the "Company") on Form 10-K for the period ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael P. O'Hara, Chief Financial Officer and Treasurer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in my capacity as an officer of the Company that, to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 1, 2017

/s/ Michael P. O'Hara

Michael P. O'Hara

Chief Financial Officer and Treasurer

CORPORATE INFORMATION

BOARD OF DIRECTORS

DANIEL A. HOFFLER

Executive Chairman of the Board

JOHN W. SNOW

Lead Independent Director

JAMES C. CHERRY

Independent Director

A. RUSSELL KIRK

Vice Chairman of the Board

GEORGE F. ALLEN

Independent Director

EVA S. HARDY

Independent Director

LOUIS S. HADDAD

President and Chief Executive Officer

JAMES A. CARROLL

Independent Director

EXECUTIVE MANAGEMENT

LOUIS S. HADDAD

President and Chief Executive Officer

MICHAEL P. O'HARA

Chief Financial Officer and Treasurer

ERIC L. SMITH

Chief Investment Officer

ERIC E. APPERSON

President of Construction

SHELLY R. HAMPTON

President of Asset Management

SHAREHOLDER INFORMATION

CORPORATE OFFICE

Armada Hoffer Properties
222 Central Park Avenue, Suite 2100
Virginia Beach, VA 23462
757.366.4000
www.ArmadaHoffer.com

TRANSFER AGENT

Broadridge
2 Journal Square, 7th Floor
Jersey City, NJ 07306
201.714.3800

INVESTOR SERVICES

If you have questions regarding security ownership or would like to request printed information, please contact Michael O'Hara at MOHara@ArmadaHoffer.com or call 757.383.9338.

**INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP
The Edgeworth Building
2100 East Cary Street, Suite 201
Richmond, VA 23223
804.344.6000





ARMADA HOFFLER PROPERTIES

222 Central Park Avenue, Suite 2100 | Virginia Beach, VA 23462 | 757.366.4000
www.ArmadaHoffler.com



YEARS OF
PROGRESS

2017 ANNUAL REPORT



ARMADA
HOFFLER
PROPERTIES

AT A GLANCE

Founded by Daniel A. Hoffler in 1979

COMPLETED OUR INITIAL PUBLIC OFFERING IN 2013 AND HAVE SINCE:

Outperformed the MSCI US REIT Index

Increased cash dividends by 25%

Developed and delivered \$264 million
of new real estate projects

Initiated another \$484 million of new
real estate development

Realized a 39% return over our
development costs on property
dispositions

Recognized over \$680 million of third-
party construction volume

Grown portfolio net operating income
by 92%

Grown normalized funds from operations
per share over 20%

Grown net asset value per share by 34%

Added to the S&P SmallCap 600 Index

Added to the MSCI US REIT Index

Surpassed \$1.0 billion in market
capitalization

Reached nearly \$1.5 billion in
enterprise value

ARMADA HOFFLER PROPERTIES

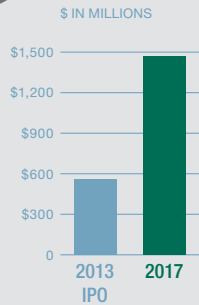
We are a vertically integrated, self-managed real estate investment trust with nearly four decades of experience developing, building, acquiring, and managing high-quality, institutional-grade office, retail, and multifamily properties located primarily in the Mid-Atlantic and Southeastern United States. We also provide general contracting construction services to third-party clients in addition to developing and building properties for our own portfolio. We were founded in 1979 and are headquartered in Virginia Beach, Virginia.



AHH
LISTED
NYSE

FIVE YEARS OF PROGRESS HIGHLIGHTS

ENTERPRISE VALUE GROWTH SINCE IPO



160%

TOTAL SHAREHOLDER RETURN

78% > 34%

AHH VS. MSCI US REIT INDEX

MARKET CAP GROWTH

~3X

PROVEN PERFORMANCE SINCE IPO

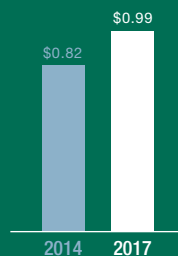
NAV PER SHARE CONSENSUS⁽¹⁾

34% Growth



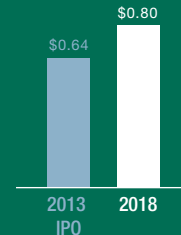
NORMALIZED FFO PER SHARE

21% Growth



COMMON STOCK DIVIDENDS PER SHARE

25% Growth



(1) Source: S&P Global, which is based upon analyst coverage

TO OUR SHAREHOLDERS

It's hard to believe, but May 2018 will mark five years since our initial listing on the New York Stock Exchange. While much has changed over these past five years, one thing has remained constant: our commitment to creating and returning value to you, our shareholders.

SO, AS WE APPROACH THE 5TH ANNIVERSARY OF OUR INITIAL PUBLIC OFFERING, LET'S REFLECT ON NOT ONLY THIS PAST YEAR, BUT ON THESE PAST *FIVE YEARS OF PROGRESS.*

Since going public, we've:

- Outperformed both the MSCI US REIT Index and the Russell 2000 Index
- Increased our cash dividend and distributions 25%
- Returned over \$134 million in cash dividends and distributions to our investors
- Acquired nearly \$417 million of assets
- Grown portfolio NOI 92%
- Developed and delivered approximately \$264 million of new real estate projects
- Produced over \$680 million of third party construction volume
- Nearly tripled our market capitalization
- Reached nearly \$1.5 billion of enterprise value

Our strategy is simple and it has served the Company well throughout not only our 5-year history as a public company, but also our 39-year history since our founding:

- Develop and invest in the highest quality real estate in high barrier-to-entry locations in order to maintain high occupancy and achieve premium rental rates through varying economic cycles
- Maintain full-service capabilities across the real estate spectrum—development, construction and asset management—in order to execute on all types of opportunities throughout the investment cycle
- Capitalize on public-private partnership, joint venture, acquisition and disposition opportunities
- Create value and maximize the wholesale-to-retail spread in our projects by controlling both costs and schedule with our development and construction expertise
- Maintain a strong balance sheet in order to provide both consistent access to capital and the flexibility to make opportunistic investments

~\$1.5B

Enterprise Value
as of 12/31/2017

~\$1.0B

Market Cap
as of 12/31/2017

13%

Total Shareholder
Return for 2017

Today, our investments and development platform reaches as far north as the Inner Harbor of Baltimore, through the greater Washington, DC metro area, into downtown Durham, midtown Charlotte, the historic Charleston peninsula, Atlanta, and as far south as the Florida coast. With the volume and quality of investments in our portfolio as well as the opportunities in our predevelopment pipeline, we remain extremely optimistic about the future growth potential of our Company. We look forward to delivering on our promise and returning the future value that we create to you.

Of course, our past and future success is only possible because of the talent, hard work, loyalty, and dedication of the people on our team. Thank you for making these past five years of progress possible.

Thanks to our Board of Directors for your oversight and guidance over these past five years. Thanks to all of our partners for contributing to our success.

Finally, thanks to you, our shareholders, for your continued support.

4.9%

Dividend Yield
as of 12/31/2017



Phase VI
Town Center
of Virginia Beach

Daniel A. Hoffler

Executive Chairman of the Board

Louis S. Haddad

President and Chief Executive Officer

2017 HIGHLIGHTS

ASSET MANAGEMENT

High Occupancy
Consistent Cash Flow

94%

Core portfolio occupancy
as of December 31, 2017

*Nine East 33rd
Johns Hopkins University
Baltimore, MD*



*Exelon Building
Harbor Point
Baltimore, MD*

\$7.4M

2017 segment
gross profit

CONSTRUCTION

Fee Income
Reduced Development Risk

DEVELOPMENT

Growth Pipeline
Wholesale Equity Creation

20%

Target wholesale-to-retail
spread

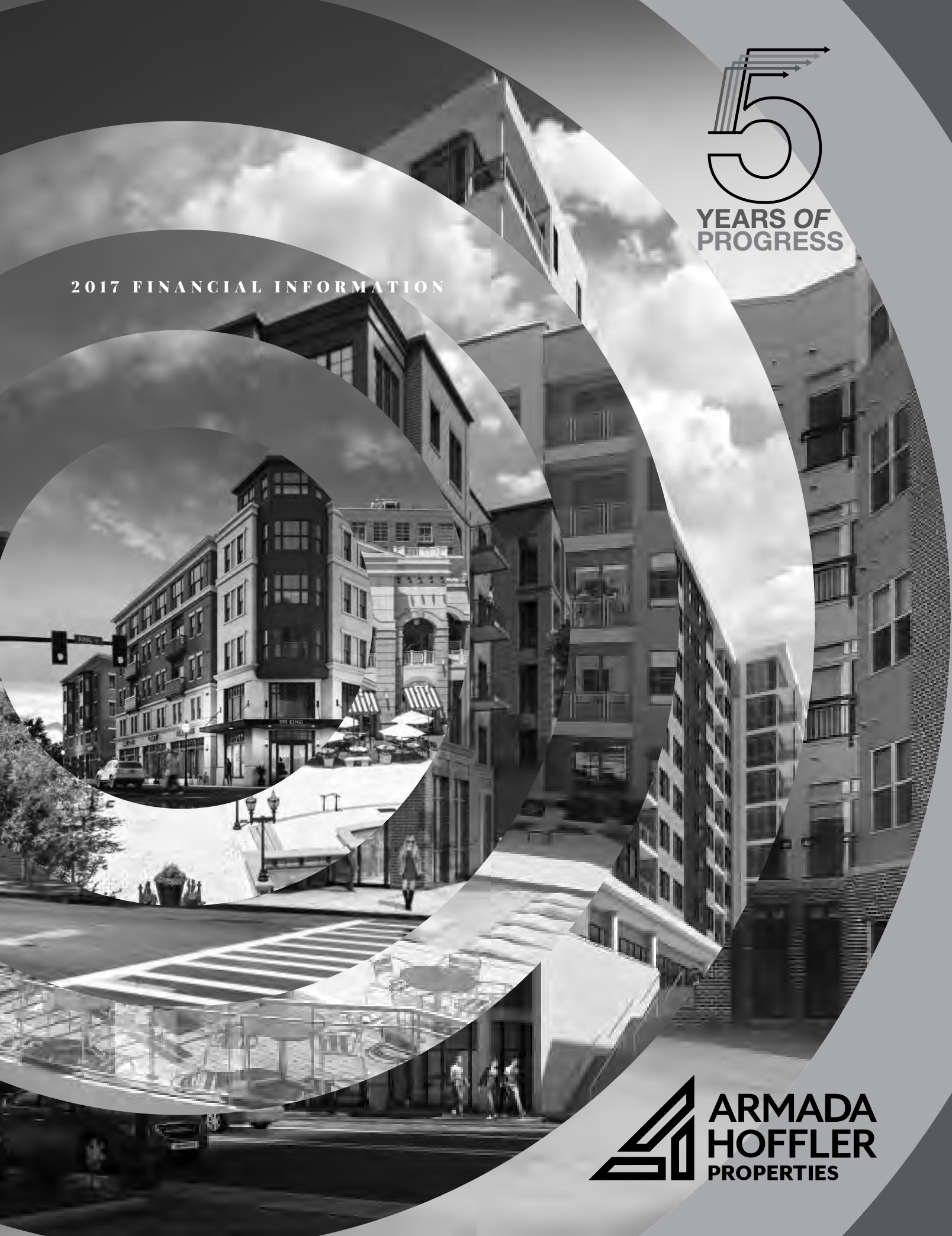


*Harding Place
Midtown
Charlotte, NC*



**YEARS OF
PROGRESS**

2017 FINANCIAL INFORMATION



**ARMADA
HOFFLER
PROPERTIES**

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

☐ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2017

or

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

For the transition period from _____ to _____
Commission file number 001-35908

ARMADA HOFFLER PROPERTIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction of
Incorporation or Organization)

46-1214914
(IRS Employer
Identification No.)

222 Central Park Avenue, Suite 2100

Virginia Beach, Virginia
(Address of Principal Executive Offices)

23462
(Zip Code)

Registrant's Telephone Number, Including Area Code (757) 366-4000
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name Of Each Exchange On Which Registered
Common Stock, \$0.01 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2017, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$573.6 million, based on the closing sales price of \$12.95 per share as reported on the New York Stock Exchange. (For purposes of this calculation all of the registrant's directors and executive officers are deemed affiliates of the registrant.)

As of February 21, 2018, the registrant had 45,100,351 shares of common stock outstanding.

Documents Incorporated by Reference

Portions of the registrant's Definitive Proxy Statement relating to its 2018 Annual Meeting of Stockholders are incorporated by reference into Part III of this report. The registrant expects to file its Definitive Proxy Statement with the Securities and Exchange Commission within 120 days after December 31, 2017.

Armada Hoffer Properties, Inc.

Form 10-K
For the Fiscal Year Ended December 31, 2017

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. This report contains forward-looking statements within the meaning of the federal securities laws. We caution investors that any forward-looking statements presented in this report, or which management may make orally or in writing from time to time, are based on beliefs and assumptions made by, and information currently available to, management. When used, the words “anticipate,” “believe,” “expect,” “intend,” “may,” “might,” “plan,” “estimate,” “project,” “should,” “will,” “result” and similar expressions, which do not relate solely to historical matters, are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. We caution you that while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data, or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- adverse economic or real estate developments, either nationally or in the markets in which our properties are located;
- our failure to develop the properties in our development pipeline successfully, on the anticipated timeline, or at the anticipated costs;
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- defaults on, early terminations of, or non-renewal of leases by tenants, including significant tenants;
- bankruptcy or insolvency of a significant tenant or a substantial number of smaller tenants;
- difficulties in identifying or completing development, acquisition, or disposition opportunities;
- our failure to successfully operate developed and acquired properties;
- our failure to generate income in our general contracting and real estate services segment in amounts that we anticipate;
- fluctuations in interest rates and increased operating costs;
- our failure to obtain necessary outside financing on favorable terms or at all;
- our inability to extend the maturity of or refinance existing debt or comply with the financial covenants in the agreements that govern our existing debt;
- financial market fluctuations;
- risks that affect the general retail environment or the market for office properties or multifamily units;
- the competitive environment in which we operate;

- decreased rental rates or increased vacancy rates;
- conflicts of interests with our officers and directors;
- lack or insufficient amounts of insurance;
- environmental uncertainties and risks related to adverse weather conditions and natural disasters;
- other factors affecting the real estate industry generally;
- our failure to maintain our qualification as a real estate investment trust (“REIT”) for U.S. federal income tax purposes;
- limitations imposed on our business and our ability to satisfy complex rules in order for us to maintain our qualification as a REIT for U.S. federal income tax purposes; and
- changes in governmental regulations or interpretations thereof, such as real estate and zoning laws and increases in real property tax rates and taxation of REITs; and
- potential negative impacts from the recent changes to the U.S. tax laws.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events, or other changes after the date of this Annual Report on Form 10-K, except as required by applicable law. We caution investors not to place undue reliance on these forward-looking statements. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the risk factors described in Item 1A herein and in other documents that we file from time to time with the Securities and Exchange Commission (the “SEC”).

PART I

Item 1. Business.

Our Company

References to “we,” “our,” “us” and “our company” refer to Armada Hoffler Properties, Inc., a Maryland corporation, together with our consolidated subsidiaries, including Armada Hoffler, L.P., a Virginia limited partnership (the “Operating Partnership”), of which we are the sole general partner.

We are a full service real estate company with extensive experience developing, building, owning and managing high-quality, institutional-grade office, retail and multifamily properties in attractive markets primarily throughout the Mid-Atlantic and Southeastern United States. In addition to the ownership of our operating property portfolio, we develop and build properties for our own account and through joint ventures between us and unaffiliated partners. We also provide general contracting services to third parties. Our construction and development experience includes mid- and high-rise office buildings, retail strip malls and retail power centers, multifamily apartment communities, hotels and conference centers, single- and multi-tenant industrial, distribution and manufacturing facilities, educational, medical and special purpose facilities, government projects, parking garages and mixed-use town centers. Our third-party construction contracts have included signature properties across the Mid-Atlantic region, such as the Inner Harbor East development in Baltimore, Maryland, including the Four Seasons Hotel and Legg Mason office tower, the Mandarin Oriental Hotel in Washington, D.C., and a \$50.0 million proton therapy institute for Hampton University in Hampton, Virginia. Our construction company historically has been ranked among the “Top 400 General Contractors” nationwide by Engineering News Record and has been ranked among the “Top 50 Retail Contractors” by Shopping Center World.

We were formed on October 12, 2012 under the laws of the State of Maryland and are headquartered in Virginia Beach, Virginia. We elected to be taxed as a REIT for U.S. federal income tax purposes commencing with the taxable year ended December 31, 2013. Substantially all of our assets are held by, and all of our operations are conducted through, our Operating Partnership. As of December 31, 2017, we owned, through a combination of direct and indirect interests, 72.0% of the units of limited partnership interest in our Operating Partnership (“OP Units”).

2017 Highlights

The following highlights our results of operations and significant transactions for the year ended December 31, 2017:

- Net income of \$29.9 million, or \$0.50 per diluted share, compared to \$42.8 million, or \$0.85 per diluted share, for the year ended December 31, 2016.
- Funds from operations (“FFO”) of \$59.7 million, or \$0.99 per diluted share, compared to \$48.0 million, or \$0.96 per diluted share, for the year ended December 31, 2016.
- Normalized FFO of \$59.3 million, or \$0.99 per diluted share, compared to \$50.9 million, or \$1.01 per diluted share, for the year ended December 31, 2016.
- Property segment net operating income (“NOI”) of \$72.8 million compared to \$67.9 million for the year ended December 31, 2016:
 - Office NOI of \$11.9 million compared to \$13.4 million
 - Retail NOI of \$46.7 million compared to \$42.0 million
 - Multifamily NOI of \$14.2 million compared to \$12.5 million

- Same store NOI of \$45.2 million compared to \$46.8 million for the year ended December 31, 2016:
 - Office same store NOI of \$8.2 million compared to \$9.1 million
 - Retail same store NOI of \$27.0 million compared to \$26.9 million
 - Multifamily same store NOI of \$10.0 million compared to \$10.8 million
- Stabilized portfolio occupancy by segment, excluding properties subject to ground leases, as of December 31, 2017 compared to December 31, 2016:
 - Office occupancy at 89.9% compared to 86.8%
 - Retail occupancy at 96.5% compared to 95.8%
 - Multifamily occupancy at 92.9% compared to 94.3%
- Made significant progress in the joint venture development of One City Center, a mixed-use project located in Durham, North Carolina, with delivery scheduled for the third quarter of 2018. Executed a lease agreement with WeWork, a New York City based co-working space company, that will occupy 62,000 square feet of space, bringing total office pre-leasing to approximately 90% for this asset.
- Made significant progress on the Point Street apartments at Harbor Point in Baltimore, with units scheduled to be delivered in early 2018.
- Made significant progress on the Harding Place project in Midtown Charlotte.
- Completed construction of The Residences at Annapolis Junction Town Center, located approximately two miles from Fort Meade.
- Topped out on the construction of Phase VI of the Town Center of Virginia Beach, with delivery scheduled for the summer of 2018, and announced that Williams Sonoma and Pottery Barn will be the anchor tenants of this development.
- Completed the dispositions of:
 - The Wawa outparcel at Greentree Shopping Center for \$4.6 million at a gain of \$3.4 million.
 - Two office properties leased by the Commonwealth of Virginia for an aggregate sales price of \$13.2 million representing a 38% profit over development cost.
 - A non-operating land outparcel at Sandbridge Commons for \$1.0 million at a gain of \$0.5 million.
- Completed the acquisitions of:
 - The outparcel phase of Wendover Village in Greensboro, North Carolina for \$14.3 million. We previously acquired the primary phase of Wendover Village in January 2016.
 - Undeveloped land parcels in Charleston, South Carolina for \$7.1 million and \$7.2 million for the development of the 595 King Street property and the 530 Meeting Street property, respectively.

- Began construction on our two student housing projects (595 King Street and 530 Meeting Street) in Charleston, South Carolina.
- Invested in the development of an estimated \$34.0 million Whole Foods-anchored center located in Decatur, Georgia and invested in the development of a second Whole Foods-anchored center in Delray Beach, Florida through mezzanine lending.
- General contracting and real estate services segment gross profit of \$7.4 million compared to \$5.7 million for the year ended December 31, 2016.
- Closed on a new, expanded and unsecured \$300 million credit facility that includes a \$150 million term loan with Bank of America, N.A. serving as the administrative agent and Regions Bank and PNC Bank, National Association serving as joint lead arrangers and syndication agents.
- Completed an underwritten public offering of 6.9 million shares of common stock at a public offering price of \$13.00 per share on May 12, 2017, generating net proceeds of \$85.3 million.
- Raised \$6.2 million of net proceeds at a weighted average price of \$14.08 per share under our at-the-market continuous equity offering programs.
- Declared cash dividends of \$0.76 per share compared to \$0.72 per share for the year ended December 31, 2016.
- Subsequent to December 31, 2017, we:
 - Entered into a joint venture agreement as a majority partner to develop, build, and own an estimated \$23 million Lowes Foods-anchored retail center in Mount Pleasant, South Carolina, increasing our development pipeline to \$484 million.
 - Added approximately 132,000 square feet of retail space through the acquisitions of Indian Lakes Crossing, a Harris Teeter-anchored shopping center in Virginia Beach, Virginia, and Parkway Centre, a newly developed Publix-anchored shopping center in Moultrie, Georgia.

For definitions and discussion of FFO, Normalized FFO, NOI and same store NOI, see the sections below entitled “Item 6. Selected Financial Data” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Our Competitive Strengths

We believe that we distinguish ourselves from other REITs through the following competitive strengths:

- *High-Quality, Diversified Portfolio.* Our portfolio consists of institutional-grade, premier office, retail and multifamily properties located primarily in Virginia, Maryland, North Carolina and South Carolina. Our properties are generally in the top tier of commercial properties in their markets and offer Class-A amenities and finishes.
- *Seasoned, Committed and Aligned Senior Management Team with a Proven Track Record.* Our senior management team has extensive experience developing, constructing, owning, operating, renovating and financing institutional-grade office, retail, multifamily and hotel properties in the Mid-Atlantic and Southeastern regions. As of December 31, 2017, our named executive officers and directors collectively owned approximately 17% of our company on a fully diluted basis, which we believe aligns their interests with those of our stockholders.

- *Strategic Focus on Attractive Mid-Atlantic and Southeastern Markets.* We focus our activities in our target markets in the Mid-Atlantic and Southeastern regions of the United States that demonstrate attractive fundamentals driven by favorable supply and demand characteristics and limited competition from other large, well-capitalized operators. We believe that our longstanding presence in our target markets provides us with significant advantages in sourcing and executing development opportunities, identifying and mitigating potential risks and negotiating attractive pricing.
- *Extensive Experience with Construction and Development.* Our platform consists of development, construction and asset management capabilities, which comprise an integrated delivery system for every project that we build for our own account or for third-party clients. This integrated approach provides a single source of accountability for design and construction, simplifies coordination and communication among the relevant stakeholders in each project and provides us valuable insight from an operational perspective. We believe that being regularly engaged in construction and development projects provides us significant and distinct advantages, including enhanced market intelligence, greater insight into best practices, enhanced operating leverage and “first look” access to development and ownership opportunities in our target markets.
- *Longstanding Public and Private Relationships.* We have extensive experience with public/private real estate development projects dating back to 1984, having worked with the Commonwealth of Virginia, the State of Georgia and the Kingdom of Sweden, as well as various municipalities. Through our experience and longstanding relationships with governmental entities such as these, we have learned to successfully navigate the often complex and time-consuming government approval process, which has given us the ability to capture opportunities that we believe many of our competitors are unable to pursue.

Our Business and Growth Strategies

Our primary business objectives are to: (i) continue to develop, build and own institutional-grade office, retail and multifamily properties in our target markets, (ii) finance and operate our portfolio in a manner that increases cash flow and property values, (iii) execute new third-party construction work with consistent operating margins and (iv) pursue selective acquisition opportunities, particularly when the acquisition involves a significant redevelopment aspect. We will seek to achieve our objectives through the following strategies:

- *Pursue a Disciplined, Opportunistic Development and Acquisition Strategy Focused on Office, Retail and Multifamily Properties.* We intend to grow our asset base through continued strategic development of office, retail and multifamily properties, and the selective acquisition of high-quality properties that are well-located in their submarkets. Furthermore, we believe our construction and development expertise provides a high level of quality control while ensuring that the projects we construct and develop are completed more quickly and at a lower cost than if we engaged a third-party general contractor.
- *Pursue New, and Expand Existing, Public/Private Relationships.* We intend to leverage our extensive experience in completing large, complex, mixed-use, public/private projects to establish relationships with new public partners while expanding our relationships with existing public partners.
- *Leverage our Construction and Development Platform to Attract Additional Third-Party Clients.* We believe that we have a unique advantage over many of our competitors due to our integrated construction and development business that provides expertise, oversight and a broad array of client-focused services. We intend to continue to conduct and grow our construction business and other third-party services by pursuing new clients and expanding our relationships with existing clients.
- *Engage in Disciplined Capital Recycling.* We intend to opportunistically divest properties when we believe returns have been maximized and to redeploy the capital into new development, acquisition, repositioning or redevelopment projects that are expected to generate higher potential risk-adjusted returns.

Our Properties

As of December 31, 2017, our operating property portfolio comprised the following:

Property	Location	Year Built	Ownership Interest	Net Rentable Square Feet ⁽¹⁾	Occupancy ⁽²⁾	ABR ⁽³⁾	ABR per Leased SF ⁽³⁾
Office Properties							
4525 Main Street	Virginia Beach, VA	2014	100%	237,893	93.1 %	\$ 6,246,029	\$ 28.21
Armada Hoffer Tower ⁽⁴⁾⁽⁵⁾	Virginia Beach, VA	2002	100%	324,242	91.9	8,604,490	28.89
One Columbus	Virginia Beach, VA	1984	100%	129,272	85.7	2,784,294	25.14
Two Columbus	Virginia Beach, VA	2009	100%	108,467	82.5	2,380,130	26.61
Total / Weighted Average				799,874	89.9 %	\$ 20,014,944	\$ 27.82
Retail Properties							
249 Central Park Retail ⁽⁵⁾	Virginia Beach, VA	2004	100%	92,710	96.6 %	\$ 2,525,113	\$ 28.19
Alexander Pointe	Salisbury, NC	1997	100%	57,710	97.6	653,513	11.61
Bermuda Crossroads ⁽⁶⁾	Chester, VA	2001	100%	122,566	92.4	1,656,942	14.63
Broad Creek Shopping Center ⁽⁶⁾	Norfolk, VA	1997/2001	100%	250,416	100.0	3,858,878	15.41
Broadmoor Plaza	South Bend, IN	1980	100%	115,059	92.2	1,251,946	11.81
Brooks Crossing ⁽⁷⁾	Newport News, VA	2016	65%	18,349	59.8	151,380	13.80
Columbus Village	Virginia Beach, VA	1980/2013	100%	66,594	88.5	1,145,259	19.42
Columbus Village II	Virginia Beach, VA	1995/1996	100%	92,061	100.0	1,652,246	17.95
Commerce Street Retail ⁽⁵⁾	Virginia Beach, VA	2008	100%	19,173	100.0	856,862	44.69
Courthouse 7-Eleven	Virginia Beach, VA	2011	100%	3,177	100.0	139,280	43.84
Dick's at Town Center	Virginia Beach, VA	2002	100%	103,335	100.0	1,241,201	12.01
Dimmock Square	Colonial Heights, VA	1998	100%	106,166	97.2	1,749,019	16.95
Fountain Plaza Retail	Virginia Beach, VA	2004	100%	35,961	100.0	1,022,080	28.42
Gainsborough Square	Chesapeake, VA	1999	100%	88,862	92.5	1,242,046	15.12
Greentree Shopping Center	Chesapeake, VA	2014	100%	15,719	92.6	318,839	21.90
Hanbury Village ⁽⁶⁾	Chesapeake, VA	2006/2009	100%	116,635	97.0	2,422,431	21.40
Harper Hill Commons ⁽⁶⁾	Winston-Salem, NC	2004	100%	96,914	80.5	894,989	11.47
Harrisonburg Regal	Harrisonburg, VA	1999	100%	49,000	100.0	683,550	13.95
Lightfoot Marketplace ⁽⁶⁾⁽⁷⁾	Williamsburg, VA	2016	70%	107,643	77.4	1,247,430	14.97
North Hampton Market	Taylors, SC	2004	100%	114,935	99.0	1,436,099	12.63
North Point Center ⁽⁶⁾	Durham, NC	1998/2009	100%	496,246	99.3	3,706,247	7.52
Oakland Marketplace ⁽⁶⁾	Oakland, TN	2004	100%	64,600	97.8	455,044	7.20
Parkway Marketplace	Virginia Beach, VA	1998	100%	37,804	100.0	759,992	20.10
Patterson Place	Durham, NC	2004	100%	160,942	96.1	2,428,883	15.70
Perry Hall Marketplace	Perry Hall, MD	2001	100%	74,256	100.0	1,252,232	16.86
Providence Plaza	Charlotte, NC	2007/2008	100%	103,118	96.3	2,647,044	26.34
Renaissance Square	Davidson, NC	2008	100%	80,467	88.0	1,219,477	17.22
Sandbridge Commons ⁽⁶⁾	Virginia Beach, VA	2015	100%	71,417	100.0	1,005,441	14.08
Socastee Commons	Myrtle Beach, SC	2000/2014	100%	57,273	100.0	656,700	11.47
Southgate Square	Colonial Heights, VA	1991/2016	100%	220,131	92.1	2,764,187	13.64
Southshore Shops	Midlothian, VA	2006	100%	40,333	93.2	761,254	20.24
South Retail	Virginia Beach, VA	2002	100%	38,515	100.0	947,752	24.61
South Square ⁽⁶⁾	Durham, NC	1977/2005	100%	109,590	100.0	1,898,676	17.33
Stone House Square ⁽⁶⁾	Hagerstown, MD	2008	100%	112,274	90.7	1,744,377	17.13
Studio 56 Retail	Virginia Beach, VA	2007	100%	11,594	100.0	378,009	32.60
Tyre Neck Harris Teeter ⁽⁶⁾	Portsmouth, VA	2011	100%	48,859	100.0	533,052	10.91
Waynesboro Commons	Waynesboro, VA	1993	100%	52,415	100.0	428,996	8.18
Wendover Village	Greensboro, NC	2004	100%	171,653	99.2	3,060,233	17.96
Total / Weighted Average				3,624,472	96.5 % ⁽⁸⁾	\$ 52,796,699	\$ 15.21

	Location	Year Built	Ownership			Monthly Rent per	
			Interest	Units	Occupancy ₍₉₎	ABR ₍₉₎	Occupied Unit/Bed ₍₁₀₎
<u>Multifamily Properties</u>							
Encore Apartments	Virginia Beach, VA	2014	100%	286	91.6 %	\$ 4,053,588	\$ 1,289.31
Johns Hopkins Village ₍₁₁₎₍₁₂₎	Baltimore, MD	2016	100%	157	100.0	6,750,624	990.41
Liberty Apartments ₍₁₁₎	Newport News, VA	2013	100%	197	86.0	2,131,668	1,048.51
Smith’s Landing ₍₁₂₎	Blacksburg, VA	2009	100%	284	98.6	3,821,856	1,137.46
The Cosmopolitan ₍₁₁₎	Virginia Beach, VA	2006	100%	342	90.1	5,541,936	1,499.44
Total / Weighted Average				1,266	92.9 %	\$ 22,299,672	\$ 1,233.61

- (1) The net rentable square footage for each of our office and retail properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally consistent with the Building Owners and Managers Association 1996 measurement guidelines.
- (2) Occupancy for each of our office and retail properties is calculated as (a) square footage under executed leases as of December 31, 2017 divided by (b) net rentable square feet, expressed as a percentage. Occupancy for our multifamily properties is calculated as (a) total units occupied as of December 31, 2017 divided by (b) total units available, expressed as a percentage.
- (3) For the properties in our office and retail portfolios, annualized base rent ("ABR") is calculated by multiplying (a) monthly base rent (defined as cash base rent, before contractual tenant concessions and abatements, and excluding tenant reimbursements for expenses paid by us) as of December 31, 2017 for in-place leases as of such date by (b) 12, and does not give effect to periodic contractual rent increases or contingent rental revenue (e.g., percentage rent based on tenant sales thresholds). ABR per leased square foot is calculated by dividing (a) ABR by (b) square footage under in-place leases as of December 31, 2017. In the case of triple net or modified gross leases, our calculation of ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- (4) As of December 31, 2017, we occupied 41,103 square feet at these two properties at an ABR of \$1.2 million, or \$30.31 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with U.S. generally accepted accounting principles ("GAAP").
- (5) Includes ABR pursuant to a rooftop lease.
- (6) Net rentable square feet at certain of our retail properties includes pad sites leased pursuant to the ground leases in the table below:

Properties Subject to Ground Lease	Number of Ground Leases	Square Footage Leased Pursuant to Ground Leases	ABR
Bermuda Crossroads	2	11,000	\$ 170,610
Broad Creek Shopping Center	6	22,737	621,601
Hanbury Village	2	55,586	1,082,118
Harper Hill Commons	1	41,520	373,680
Lightfoot Marketplace	1	51,750	543,375
North Point Center	4	280,556	1,131,953
Oakland Marketplace	1	45,000	186,300
Sandbridge Commons	2	55,288	675,467
South Square	1	1,778	60,000
Stone House Square	1	3,650	165,000
Tyre Neck Harris Teeter	1	48,859	533,052
Total / Weighted Average	22	617,724	\$ 5,543,156

- (7) We are entitled to a preferred return of 8% and 9% on our investment in Brooks Crossing and Lightfoot Marketplace, respectively. These properties were not stabilized as of December 31, 2017. See "Development Pipeline" below for our definition of stabilized.
- (8) Weighted average occupancy includes only stabilized properties. See "Development Pipeline" below for our definition of stabilized.
- (9) For the properties in our multifamily portfolio, ABR is calculated by multiplying (a) base rental payments for the month ended December 31, 2017 by (b) 12.
- (10) Monthly rent per occupied unit/bed is calculated by dividing total base rental payments for the month ended December 31, 2017 by the number of occupied units (or, in the case of Johns Hopkins Village, occupied beds) as of December 31, 2017.
- (11) The ABR for Liberty, Cosmopolitan, and John Hopkins Village excludes \$244,000, \$716,000, and \$1.2 million from ground floor retail leases, respectively.
- (12) We lease the land underlying this property pursuant to a ground lease.

Lease Expirations

The following tables summarize the scheduled expirations of leases in our office and retail operating property portfolios as of December 31, 2017. The information in the following tables does not assume the exercise of any renewal options.

Office Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square		Annualized Base Rent	% of Office	
		Footage of Leases Expiring	% Portfolio Net Rentable Square Feet		Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	—	80,388	10.1 %	\$ —	— %	\$ —
Month-to-Month	3	633	0.1	20,400	0.1	32.23
2018	11	39,734	5.0	1,276,658	6.4	32.13
2019	14	84,418	10.6	2,104,581	10.5	24.93
2020	7	26,537	3.3	742,047	3.7	27.96
2021	8	46,798	5.8	1,310,134	6.5	28.00
2022	9	73,800	9.2	2,059,496	10.3	27.91
2023	7	67,132	8.4	1,737,304	8.7	25.88
2024	4	70,617	8.8	2,063,738	10.3	29.22
2025	6	66,487	8.3	1,883,863	9.4	28.33
2026	3	15,140	1.9	329,509	1.7	21.76
2027	3	49,081	6.1	1,395,538	7.0	28.43
2028	1	22,950	2.9	642,600	3.2	28.00
Thereafter	3	156,140	19.5	4,449,076	22.2	28.49
Total / Weighted Average	79	799,855	100.0 %	\$ 20,014,944	100.0 %	\$ 27.82

Retail Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square		Annualized Base Rent	% of Retail	
		Footage of Leases Expiring	% Portfolio Net Rentable Square Feet		Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	—	153,263	4.2 %	\$ —	— %	\$ —
Month-to-Month	4	4,728	0.1	68,990	0.1	14.59
2018	60	183,508	5.1	3,425,837	6.5	18.67
2019	87	588,052	16.2	9,211,040	17.4	15.66
2020	73	575,303	15.9	8,012,634	15.2	13.93
2021	56	283,832	7.8	5,116,496	9.7	18.03
2022	51	409,682	11.3	6,591,039	12.5	16.09
2023	27	346,372	9.6	4,626,776	8.8	13.36
2024	18	168,018	4.7	2,667,454	5.1	15.88
2025	17	226,427	6.2	2,404,463	4.6	10.62
2026	19	166,665	4.6	2,882,771	5.5	17.30
2027	14	105,286	2.9	2,283,629	4.3	21.69
2028	8	171,136	4.7	2,038,095	3.9	11.91
Thereafter	11	242,200	6.7	3,467,475	6.4	14.32
Total / Weighted Average	445	3,624,472	100.0 %	\$ 52,796,699	100.0 %	\$ 15.21

Tenant Diversification

The following tables list the 10 largest tenants in each of our office and retail operating property portfolios, based on annualized base rent as of December 31, 2017 (\$ in thousands):

		% of	% of
		Office	Total
		Portfolio	Portfolio
	Annualized	Annualized	Annualized
Office Tenant	Base Rent	Base Rent	Base Rent
Clark Nexsen	\$ 2,537	12.7 %	2.7 %
Hampton University	1,054	5.3	1.1
Mythics	1,052	5.3	1.1
Pender & Coward	860	4.3	0.9
Kimley-Horn	859	4.3	0.9
Troutman Sanders	838	4.2	0.9
The Art Institute	835	4.2	0.9
City of Virginia Beach Development Authority	722	3.6	0.8
Cherry Bekaert	708	3.5	0.7
Williams Mullen	643	3.2	0.7
Top 10 Total	\$ 10,108	50.6 %	10.7 %

Retail Tenant	% of		% of	
	Retail		Total	
	Annualized Base Rent	Portfolio Annualized Base Rent	Portfolio Annualized Base Rent	Portfolio Annualized Base Rent
Kroger/Harris Teeter	\$ 5,831	11.0 %	6.1 %	
Home Depot	2,237	4.2	2.4	
Regal Cinemas	1,679	3.2	1.8	
Bed, Bath, & Beyond	1,677	3.2	1.8	
PetSmart	1,438	2.7	1.5	
Food Lion	1,291	2.4	1.4	
Dick's Sporting Goods	840	1.6	0.9	
Safeway	821	1.6	0.9	
Weis Markets	802	1.5	0.8	
Ross Dress for Less	762	1.4	0.8	
Top 10 Total	\$ 17,378	32.8 %	18.4 %	

Development Pipeline

In addition to the properties in our operating property portfolio as of December 31, 2017, we had the following properties in various stages of development and stabilization. We generally consider a property to be stabilized when it reaches 80% occupancy or thirteen quarters after the property receives its certificate of occupancy.

Pending Delivery			(\$ in '000s)		Schedule ⁽¹⁾				
Property	Location	Estimated Size ⁽¹⁾	Estimated Cost ⁽¹⁾	Incurred Cost	Start	Initial Occupancy	Stabilized		
							Operation ⁽²⁾	AHH Ownership %	Property Type
Town Center Phase VI	Virginia Beach, VA	39,000 sf 131 Units	\$ 43,000	\$ 22,000	4Q16	3Q18	3Q19	100 %	Mixed-use
Harding Place	Charlotte, NC	225 units	47,000	29,000	3Q16	3Q18	1Q20	80 % ⁽³⁾	Multifamily
595 King Street	Charleston, SC	74 units	48,000	13,000	3Q17	3Q19	3Q19	92.5 %	Multifamily
530 Meeting Street	Charleston, SC	114 units	53,000	13,000	3Q17	3Q19	3Q19	90 %	Multifamily
Brooks Crossing	Newport News, VA	100,000 sf	22,000	1,000	1Q18	1Q19	2Q19	65 % ⁽³⁾	Office
Total Development, Pending Delivery			\$ 213,000	\$ 78,000					

Delivered Not Stabilized			(\$ in '000s)		Schedule				
Property	Location	Estimated Size ⁽¹⁾	Estimated Cost ⁽¹⁾	Incurred Cost	Start	Initial Occupancy	Stabilized		
							Operation ⁽¹⁾⁽²⁾	AHH Ownership %	Property Type
Brooks Crossing	Newport News, VA	18,349 sf	\$ 3,000	\$ 3,000	3Q15	3Q16	4Q18	65% ⁽³⁾	Retail
Lightfoot Marketplace	Williamsburg, VA	107,643 sf	25,000	23,000	3Q14	3Q16	2Q18	70% ⁽³⁾	Retail
Total Development, Delivered Not Stabilized			28,000	26,000					
Total			\$ 241,000	\$ 104,000					

(1) Represents estimates that may change as the development/stabilization process proceeds.

(2) Estimated first full quarter of stabilized operations.

(3) We are entitled to a preferred return on our equity prior to any distributions to minority partners.

Our execution on all of the projects identified in the preceding table are subject to, among other factors, regulatory approvals, financing availability and suitable market conditions.

Town Center Phase VI is the next phase of development in the Town Center of Virginia Beach, a \$43.0 million mixed-use project expected to include 39,000 square feet of retail space, which is 47% pre-leased as of the date of this report, and 131 luxury apartments, as part of our ongoing public-private partnership with the City of Virginia Beach. This project is expected to be delivered in the third quarter of 2018.

Harding Place is a \$47.0 million Class A multifamily property being developed in Midtown Charlotte, North Carolina with expected delivery in 2018.

595 King Street is a \$48.0 million student housing property being developed in Charleston, South Carolina with expected delivery in 2019.

530 Meeting Street is a \$53.0 million student housing property being developed in Charleston, South Carolina with expected delivery in 2019.

Brooks Crossing is our public-private partnership with the City of Newport News, Virginia designed to revitalize the east end of the city. The project includes 18,000 square feet of retail space and is leased by various small retailers. As of December 31, 2017, the project was 60% leased. Additionally, we have agreed to develop, build and own a 100,000 square foot office tower anchored by Newport News Shipbuilding, a division of Huntington Ingalls Industries (NYSE:HII), as part of Brooks Crossing. As of December 31, 2017, the office tower was approximately 80% leased.

Lightfoot Marketplace is a grocery-anchored shopping center in Williamsburg, Virginia. Harris Teeter has signed a 20-year ground lease for a new 53,000 square foot store. Lightfoot Marketplace also includes an additional 34,000 square feet of shops and restaurants as well as a 22,000 square foot build-to-suit building for Children's Hospital of the King's Daughters. As of December 31, 2017, the project was approximately 77% leased.

Other Investments

Point Street Apartments

On October 15, 2015, we agreed to invest up to \$28.2 million in the Point Street Apartments project in the Harbor Point area of Baltimore, Maryland. Point Street Apartments is an estimated \$98.0 million development project with plans for a 17-story building comprised of 289 residential units and 18,000 square feet of street-level retail space. Beatty Development Group ("BDG") is the developer of the project and has engaged us to serve as construction general contractor. Point Street Apartments is scheduled to open in the first quarter of 2018; however, we can provide no assurances that Point Street Apartments will open on the anticipated timeline or be completed at the anticipated cost.

BDG secured a senior construction loan of up to \$67.0 million to fund the development and construction of Point Street Apartments on November 10, 2016. We have agreed to guarantee \$25.0 million of the senior construction loan in exchange for the option to purchase up to an 88% controlling interest in Point Street Apartments upon completion of the project as follows: (i) an option to purchase a 79% indirect interest in Point Street Apartments for \$27.3 million, exercisable within one year from the project's completion (the "First Option") and (ii) provided that we have exercised the First Option, an option to purchase an additional 9% indirect interest in Point Street Apartments for \$3.1 million, exercisable within 27 months from the project's completion (the "Second Option"). We currently have a \$2.1 million letter of credit for the guarantee of the senior construction loan.

Our investment in the Point Street Apartments project is in the form of a loan under which BDG may borrow up to \$28.2 million (the "BDG loan") at an interest rate of 8.0% per annum. As of December 31, 2017, we have funded \$22.4 million under the BDG loan and for the year ended December 31, 2017, we recognized \$1.7 million of interest income on the BDG loan. See Note 6 to the accompanying consolidated financial statements.

One City Center

On February 25, 2016, we announced our joint venture with Austin Lawrence Partners to develop and construct One City Center in Durham, North Carolina. One City Center is a 22-story mixed-use project that is expected to include 130,000 square feet of office space, anchored by a 55,000 square foot lease with Duke University and a 62,000 square foot lease with WeWork, along with 22,000 square feet of street-level retail space and 139 residential units. We are a minority partner in the joint venture and will serve as the project's general contractor, with full ownership of the office and retail portions of the project upon completion. Our equity investment in the joint venture as of December 31, 2017 is approximately \$11.4 million. The project is scheduled to be completed in mid-2018. The project at One City Center is an unconsolidated joint venture.

Annapolis Junction

On April 21, 2016, we entered into a note receivable with a maximum principal balance of \$48.1 million in the Annapolis Junction residential component of the Annapolis Junction Town Center project in Maryland ("Annapolis Junction"). Annapolis Junction is an estimated \$106.0 million mixed-use development project with plans for 416 residential units, 17,000 square feet of retail space, and a 150-room hotel. Annapolis Junction Apartments Owner, LLC ("AJAO") is the developer of the residential component and has engaged us to serve as construction general contractor for the residential component. Annapolis Junction opened during the fourth quarter of 2017. Leasing activities continue, and stabilization is anticipated in the first quarter of 2019; however, we can provide no assurances that the stabilization of Annapolis Junction will occur on the anticipated timeline or at the anticipated cost.

AJAO secured a senior construction loan of up to \$60.0 million to fund the development and construction of Annapolis Junction's residential component on September 30, 2016. We have agreed to guarantee \$25.0 million of the senior construction loan in exchange for the option to purchase up to an 88% controlling interest in Annapolis Junction upon completion of the project as follows: (i) an option to purchase an 80% indirect interest in Annapolis Junction's residential component for the lesser of the seller's budgeted or actual cost, exercisable within one year from the project's completion (the "First Option") and (ii) provided that we have exercised the First Option, an option to purchase an additional 8% indirect interest in Annapolis Junction for the lesser of the seller's actual or budgeted cost, exercisable within 27 months from the project's completion. Our investment in the Annapolis Junction project is in the form of a loan under which AJAO may borrow up to \$48.1 million at an interest rate of 10.0% per annum, including a \$6.0 million interest reserve (the "AJAO loan"). During the years ended December 31, 2017 and 2016, we recognized \$4.1 million and \$2.0 million, respectively, of interest income on the note. The balance on the Annapolis Junction note was \$43.0 million and \$38.9 million as of December 31, 2017 and 2016, respectively.

North Decatur Square

On May 15, 2017, we invested in the development of an estimated \$34.0 million Whole Foods-anchored center located in Decatur, Georgia. Our investment is in the form of a mezzanine loan of up to \$21.8 million to the developer, North Decatur Square Holdings, LLC. The mezzanine loan bears interest at an annual rate of 15%. As of December 31, 2017, we had funded \$11.8 million on this loan. During the year ended December 31, 2017, we recognized \$1.0 million of interest income on this loan. On January 31, 2018, this loan was modified to increase the maximum amount of the loan to \$25.7 million due to an increase in the scope of the project.

Delray Plaza

On October 27, 2017, we invested in the development of an estimated \$20.0 million Whole Foods-anchored center located in Delray Beach, Florida. Our investment is in the form of a mezzanine loan of up to \$13.1 million to the developer, Delray Plaza Holdings, LLC. The mezzanine loan bears interest at an annual rate of 15%. As of December 31, 2017, we had funded \$5.4 million on this loan. During the year ended December 31, 2017, we recognized \$0.2 million of interest income on this loan.

Acquisitions and Dispositions

On January 4, 2017, we acquired undeveloped land in Charleston, South Carolina for a contract price of \$7.1 million plus capitalized acquisition costs of \$0.2 million. We are using the land for the development of the 595 King Street property.

On January 20, 2017, we completed the sale of the Wawa outparcel at Greentree Shopping Center. Net proceeds after transaction costs were \$4.4 million. The gain on the disposition was \$3.4 million.

On July 11, 2017, we acquired undeveloped land in Charleston, South Carolina for a contract price of \$7.2 million plus capitalized acquisition costs of \$0.1 million. We are using the land for the development of the 530 Meeting Street property.

On July 13, 2017, we completed the sale of two office properties leased by the Commonwealth of Virginia in Chesapeake, Virginia and Virginia Beach, Virginia. Aggregate net proceeds from the dispositions of the properties after transaction costs and repayment of the loan associated with the Chesapeake, Virginia property were \$7.9 million, and the aggregate gain on the dispositions was \$4.2 million.

On July 25, 2017, we acquired the outparcel phase of Wendover Village in Greensboro, North Carolina for a contract price of \$14.3 million plus capitalized acquisition costs of \$0.1 million.

On August 10, 2017, we completed the sale of a land outparcel at Sandbridge Commons. Net proceeds after transaction costs and a partial loan paydown were \$0.3 million. The gain on the disposition was \$0.5 million.

Subsequent to December 31, 2017

On January 9, 2018, we acquired Indian Lakes Crossing, a Harris Teeter-anchored shopping center in Virginia Beach, Virginia, for a contract price of \$14.7 million plus capitalized acquisition costs of \$0.2 million.

On January 29, 2018, we acquired Parkway Centre, a newly developed Publix-anchored shopping center in Moultrie, Georgia, for total consideration of \$11.3 million (\$9.6 million in cash and \$1.7 million in the form of OP Units) plus estimated capitalized acquisition costs of \$0.3 million.

On November 30, 2017, we entered into a lease agreement with Bottling Group, LLC for a new distribution facility that we will develop and construct for expected delivery in 2018. On January 29, 2018, we acquired undeveloped land in Chesterfield, Virginia, a portion of which will serve as the site for this facility, for a contract price of \$2.4 million plus capitalized acquisition costs of \$0.1 million.

On February 16, 2018, through a consolidated joint venture, we acquired undeveloped land in Mount Pleasant, South Carolina for a contract price of \$2.9 million plus capitalized acquisition costs of \$0.1 million. We plan to use the land for the development of an estimated \$23.0 million Lowes Foods-anchored shopping center.

Segments

As of December 31, 2017, we operated in four business segments: (i) office real estate, (ii) retail real estate, (iii) multifamily residential real estate and (iv) general contracting and real estate services. Additional information regarding our four operating segments is set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Note 3 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

Tax Status

We have elected and qualified to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2013. Our continued qualification as a REIT will depend upon our ability to meet, on a

continuing basis, through actual investment and operating results, various complex requirements under the Internal Revenue Code of 1986, as amended (the “Code”), relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our capital stock. We believe that we are organized in conformity with the requirements for qualification as a REIT under the Code and that our manner of operation will enable us to maintain the requirements for qualification and taxation as a REIT for U.S. federal income tax purposes. In addition, we have elected to treat AHP Holding, Inc., which, through its wholly-owned subsidiaries, operate our construction, development and third-party asset management businesses, as a taxable REIT subsidiary (“TRS”).

As a REIT, we generally will not be subject to U.S. federal income tax on our net taxable income that we distribute currently to our stockholders. Under the Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute each year at least 90% of their REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. If we fail to qualify for taxation as a REIT in any taxable year and do not qualify for certain statutory relief provisions, our income for that year will be taxed at regular corporate rates, and we would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. Even if we qualify as a REIT for U.S. federal income tax purposes, we may still be subject to state and local taxes on our income and assets and to federal income and excise taxes on our undistributed income. Additionally, any income earned by our services company, and any other TRS we form in the future, will be fully subject to federal, state and local corporate income tax.

Insurance

We carry comprehensive liability, fire, extended coverage, business interruption and rental loss insurance covering all of the properties in our portfolio under a blanket insurance policy, in addition to other coverage that may be appropriate for certain of our properties. We believe the policy specifications and insured limits are appropriate and adequate for our properties given the relative risk of loss, the cost of the coverage and industry practice; however, our insurance coverage may not be sufficient to fully cover our losses. We do not carry insurance for certain losses, including, but not limited to, losses caused by riots or war. Some of our policies, like those covering losses due to terrorism and earthquakes, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses, for such events. In addition, all but two of the properties in our portfolio as of December 31, 2017 were located in Virginia, Maryland, North Carolina and South Carolina, which are areas subject to an increased risk of hurricanes. While we will carry hurricane insurance on certain of our properties, the amount of our hurricane insurance coverage may not be sufficient to fully cover losses from hurricanes. We may reduce or discontinue hurricane, terrorism or other insurance on some or all of our properties in the future if the cost of premiums for any of these policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. Also, if destroyed, we may not be able to rebuild certain of our properties due to current zoning and land use regulations. As a result, we may incur significant costs in the event of adverse weather conditions and natural disasters. In addition, our title insurance policies may not insure for the current aggregate market value of our portfolio, and we do not intend to increase our title insurance coverage as the market value of our portfolio increases. If we or one or more of our tenants experiences a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged. Furthermore, we may not be able to obtain adequate insurance coverage at reasonable costs in the future as the costs associated with property and casualty renewals may be higher than anticipated.

Regulation

General

Our properties are subject to various covenants, laws, ordinances and regulations, including regulations relating to common areas and fire and safety requirements. We believe that each of the properties in our portfolio has the necessary permits and approvals to operate its business.

Americans With Disabilities Act

Our properties must comply with Title III of the Americans with Disabilities Act of 1990 (the “ADA”), to the extent that such properties are “public accommodations” as defined by the ADA. Under the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. Although we believe that the properties in our portfolio in the aggregate substantially comply with present requirements of the ADA, we have not conducted a comprehensive audit or investigation of all of our properties to determine our compliance, and we are aware that some particular properties may currently be in non-compliance with the ADA. Noncompliance with the ADA could result in the incurrence of additional costs to attain compliance, the imposition of fines, an award of damages to private litigants, and a limitation on our ability to refinance outstanding indebtedness. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations as appropriate in this respect.

Environmental Matters

Under various federal, state and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste or petroleum products at, on, in, under, or migrating from such property, including costs to investigate and clean up such contamination and liability for harm to natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. These liabilities could be substantial and the cost of any required remediation, removal, fines, or other costs could exceed the value of the property and our aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability for costs of remediation and personal or property damage or materially adversely affect our ability to sell, lease or develop our properties or to borrow using the properties as collateral. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures.

Some of our properties contain, have contained, or are adjacent to or near other properties that have contained or currently contain storage tanks for the storage of petroleum products, propane, or other hazardous or toxic substances. Similarly, some of our properties were used in the past for commercial or industrial purposes, or are currently used for commercial purposes, that involve or involved the use of petroleum products or other hazardous or toxic substances, or are adjacent to or near properties that have been or are used for similar commercial or industrial purposes. As a result, some of our properties have been or may be impacted by contamination arising from the releases of such hazardous substances or petroleum products. Where we have deemed appropriate, we have taken steps to address identified contamination or mitigate risks associated with such contamination; however, we are unable to ensure that further actions will not be necessary. As a result of the foregoing, we could potentially incur material liability.

Environmental laws also govern the presence, maintenance and removal of asbestos-containing building materials, or ACBM, and may impose fines and penalties for failure to comply with these requirements or expose us to third-party liability. Such laws require that owners or operators of buildings containing ACBM (and employers in such buildings) properly manage and maintain the asbestos, adequately notify or train those who may come into contact with asbestos, and undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building. In addition, the presence of ACBM in our properties may expose us to third-party liability (e.g. liability for personal injury associated with exposure to asbestos). We are not presently aware of any material adverse issues at our properties including ACBM.

Similarly, environmental laws govern the presence, maintenance, and removal of lead-based paint in residential buildings, and may impose fines and penalties for failure to comply with these requirements. Such laws require, among other

things, that owners or operators of residential facilities that contain or potentially contain lead-based paint notify residents of the presence or potential presence of lead-based paint prior to occupancy and prior to renovations and manage lead-based paint waste appropriately. In addition, the presence of lead-based paint in our buildings may expose us to third-party liability (e.g., liability for personal injury associated with exposure to lead-based paint). We are not presently aware of any material adverse issues at our properties involving lead-based paint.

In addition, the properties in our portfolio also are subject to various federal, state, and local environmental and health and safety requirements, such as state and local fire requirements. Moreover, some of our tenants may handle and use hazardous or regulated substances and wastes as part of their operations at our properties, which are subject to regulation. Such environmental and health and safety laws and regulations could subject us or our tenants to liability resulting from these activities. Environmental liabilities could affect a tenant's ability to make rental payments to us. In addition, changes in laws could increase the potential liability for noncompliance. Our leases sometimes require our tenants to comply with environmental and health and safety laws and regulations and to indemnify us for any related liabilities. But in the event of the bankruptcy or inability of any of our tenants to satisfy such obligations, we may be required to satisfy such obligations. In addition, we may be held directly liable for any such damages or claims regardless of whether we knew of, or were responsible for, the presence or disposal of hazardous or toxic substances or waste and irrespective of tenant lease provisions. The costs associated with such liability could be substantial and could have a material adverse effect on us.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses, and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants, or others if property damage or personal injury occurs. We are not presently aware of any material adverse indoor air quality issues at our properties.

Competition

We compete with a number of developers, owners, and operators of office, retail, and multifamily real estate, many of which own properties similar to ours in the same markets in which our properties are located and some of which have greater financial resources than we do. In operating and managing our portfolio, we compete for tenants based on a number of factors, including location, rental rates, security, flexibility, and expertise to design space to meet prospective tenants' needs and the manner in which the property is operated, maintained, and marketed. As leases at our properties expire, we may encounter significant competition to renew or re-lease space in light of the large number of competing properties within the markets in which we operate. As a result, we may be required to provide rent concessions or abatements, incur charges for tenant improvements and other inducements, including early termination rights or below-market renewal options, or we may not be able to timely lease vacant space.

We also face competition when pursuing development and acquisition opportunities. Our competitors may be able to pay higher property acquisition prices, may have private access to opportunities not available to us, and otherwise be in a better position to acquire or develop a property. Competition may also have the effect of reducing the number of suitable development and acquisition opportunities available to us or increasing the price required to consummate a development or acquisition opportunity.

In addition, we face competition in our construction business from other construction companies in the markets in which we operate, including small local companies and large regional and national companies. In our construction business, we compete for construction projects based on several factors, including cost, reputation for quality and timeliness, access to machinery and equipment, access to and relationships with high-quality subcontractors, financial strength, knowledge of local

markets, and project management abilities. We believe that we compete favorably on the basis of the foregoing factors and that our construction business is well-positioned to compete effectively in the markets in which we operate. However, some of the construction companies with which we compete have different cost structures and greater financial and other resources than we do, which may put them at an advantage when competing with us for construction projects. Competition from other construction companies may reduce the number of construction projects that we are hired to complete and increase pricing pressure, either of which could reduce the profitability of our construction business.

Employees

As of December 31, 2017, we had 160 employees. None of our employees are represented by a collective bargaining unit. We believe that our relationship with our employees is good.

Corporate Information

Our principal executive office is located at 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462 in the Armada Hoffer Tower at the Town Center of Virginia Beach. In addition, we have construction offices located at 249 Central Park Avenue, Suite 300, Virginia Beach, Virginia 23462 and 1300 Thames Street, Suite 30, Baltimore, Maryland 21231. The telephone number for our principal executive office is (757) 366-4000. We maintain a website located at www.armadahoffler.com. The information on, or accessible through, our website is not incorporated into and does not constitute a part of this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC.

Available Information

We file our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports with the SEC. You may obtain copies of these documents by visiting the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 or by accessing the SEC's website at www.sec.gov. In addition, as soon as reasonably practicable after such materials are furnished to the SEC, we make copies of these documents available to the public free of charge through our website or by contacting our Corporate Secretary at the address set forth above under "—Corporate Information."

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and the charters of our audit committee, compensation committee and nominating and corporate governance committee are all available in the Corporate Governance section of the Investor Relations section of our website.

Financial Information

For required financial information related to our operations, please refer to our consolidated financial statements, including the notes thereto, included with this Annual Report on Form 10-K.

Item 1A. Risk Factors

Set forth below are the risks that we believe are material to our stockholders. You should carefully consider the following risks in evaluating our Company and our business. The occurrence of any of the following risks could materially and adversely impact our financial condition, results of operations, cash flow, the market price of shares of our common stock and our ability to, among other things, satisfy our debt service obligations and to make distributions to our stockholders, which in turn could cause our stockholders to lose all or a part of their investment. Some statements in this Annual Report on Form 10-K, including statements in the following risk factors constitute forward-looking statements. Please refer to the section entitled “Special Note Regarding Forward-Looking Statements” at the beginning of this Annual Report on Form 10-K.

Risks Related to Our Business

The geographic concentration of our portfolio could cause us to be more susceptible to adverse economic or regulatory developments in the markets in which our properties are located than if we owned a more geographically diverse portfolio.

The majority of the properties in our portfolio are located in Virginia and North Carolina, which expose us to greater economic risks than if we owned a more geographically diverse portfolio. As of December 31, 2017, our properties in the Virginia and North Carolina markets represented approximately 68% and 17%, respectively, of the total annualized base rent of the properties in our portfolio. Furthermore, many of our properties are located in the Town Center of Virginia Beach, and rental revenues from our Town Center properties represented 38% of our total rental revenues for the year ended December 31, 2017. As a result of this geographic concentration, we are particularly susceptible to adverse economic, regulatory or other conditions in the Virginia and North Carolina markets (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes and the cost of complying with governmental regulations or increased regulation), as well as to natural disasters that occur in these markets (such as hurricanes and other events). For example, the markets in Virginia and North Carolina in which many of the properties in our portfolio are located contain high concentrations of military personnel and operations. A reduction of the military presence or cuts in defense spending in these markets could have a material adverse effect on us. If there is a downturn in the economy in Virginia or North Carolina, our operations, revenue, and cash available for distribution, including cash available to pay distributions to our stockholders, could be materially and adversely affected. We cannot assure you that these markets will grow or that underlying real estate fundamentals will be favorable to owners and operators of office, retail or multifamily properties. Our operations may also be adversely affected if competing properties are built in these markets. Moreover, submarkets within any of our target markets may be dependent upon a limited number of industries. Any adverse economic or real estate developments in our markets, or any decrease in demand for office, retail or multifamily space resulting from the regulatory environment, business climate or energy or fiscal problems, could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to satisfy our debt service obligations.

We have a substantial amount of indebtedness outstanding, which may expose us to the risk of default under our debt obligations and may include covenants that restrict our ability to pay distributions to our stockholders.

As of December 31, 2017, we had total debt outstanding of approximately \$517.3 million, including amounts drawn under our credit facility, a substantial portion of which is guaranteed by our Operating Partnership, and we may incur significant additional debt to finance future acquisition and development activities. Excluding unamortized fair value adjustments and debt issuance costs, the aggregate outstanding principal balance of our debt was \$523.4 million as of December 31, 2017, of which \$77.7 million is scheduled to mature in 2018. Payments of principal and interest on borrowings may leave us with insufficient cash resources to operate our properties or to pay the dividends currently contemplated or necessary to maintain our REIT qualification. Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;

- we may be unable to borrow additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to meet operational needs;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- we may be forced to dispose of one or more of our properties, possibly on unfavorable terms or in violation of certain covenants to which we may be subject;
- we may default on our obligations, in which case the lenders or mortgagees may have the right to foreclose on any properties that secure the loans or collect rents and other income from our properties;
- we may violate restrictive covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations or reduce our ability to pay, or prohibit us from paying, distributions to our stockholders; and
- our default under any loan with cross default provisions could result in a default on other indebtedness.

If any one of these events were to occur, our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations could be materially and adversely affected. Furthermore, foreclosures could create taxable income without accompanying cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

The loss of, or a store closure by, one of the anchor stores or major tenants in our retail shopping center properties could result in a material decrease in our rental income, which would have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Our retail shopping center properties typically are anchored by large, nationally recognized tenants. As of December 31, 2017, Kroger/Harris Teeter, Home Depot, Regal Cinemas, and Bed Bath & Beyond collectively represented approximately 21.6%, and individually represented 11.0%, 4.2%, 3.2% and 3.2%, respectively, of the total annualized base rent in our retail portfolio. In addition, several of our retail properties are single-tenant properties or are occupied primarily by a single tenant. As of December 31, 2017, the Courthouse 7-Eleven, Tyre Neck Harris Teeter, and Harrisonburg Regal retail properties in our portfolio were 100% occupied by 7-Eleven, Harris Teeter and Regal Cinemas, respectively, and the Dick’s at Town Center, Sandbridge Commons, Perry Hall Marketplace, and Studio 56 retail properties were approximately 81%, 77%, 74% and 69% occupied by Dick’s Sporting Goods, Harris Teeter, Safeway and McCormick & Schmick’s, respectively. At any time, our tenants may experience a downturn in their businesses that may significantly weaken their financial condition. As a result, our tenants, including our anchor and other major tenants, may fail to comply with their contractual obligations to us, seek concessions in order to continue operations or declare bankruptcy, any of which could result in the termination of such tenants’ leases and the loss of rental income attributable to the terminated leases. In addition, certain of our tenants may cease operations while continuing to pay rent, which could decrease customer traffic, thereby decreasing sales for our other tenants at the applicable retail property. Furthermore, mergers or consolidations among retail establishments could result in the closure of existing stores or duplicate or geographically overlapping store locations, which could include stores at our retail properties.

Loss of, or a store closure by, an anchor or major tenant could significantly reduce our occupancy level or the rent we receive from our retail properties, and we may not have the right, or otherwise may be unable, to re-lease the vacated space at attractive rents or at all. Moreover, in the event of default by a major tenant or anchor store, we may experience delays and costs in enforcing our rights as landlord to recover amounts due to us under the terms of our agreements with those parties. The occurrence of any of the situations described above, particularly if it involves an anchor tenant with leases in multiple locations, could seriously harm our performance and could adversely affect the value of the affected retail property.

In the event that any of the anchor stores, major tenants or single-tenant property tenants in our retail properties do not renew their leases with us when they expire, we may be unable to re-lease such premises at market rents or at all, which could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to satisfy our debt service obligations.

We may be unable to renew leases, lease vacant space or re-lease space on favorable terms or at all as leases expire, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

As of December 31, 2017, approximately 5.3% of the square footage of the properties in our stabilized office and retail portfolios was available. Additionally, 6.4% and 10.5% of the annualized base rent in our office portfolio was scheduled to expire in 2018 and 2019, respectively, and 6.5% and 17.4% of the annualized base rent in our retail portfolio was scheduled to expire in 2018 and 2019, respectively. We cannot assure you that new leases will be entered into, that leases will be renewed or that our properties will be re-leased at net effective rental rates equal to or above the current average net effective rental rates or that substantial rent abatements, tenant improvements, early termination rights or below-market renewal options will not be offered to attract new tenants or retain existing tenants. In addition, our ability to lease our multifamily properties at favorable rates, or at all, may be adversely affected by the increase in supply of multifamily properties in our target markets. Our ability to lease our properties depends upon the overall level of spending in the economy, which is adversely affected by, among other things, job losses and unemployment levels, fears of a recession, personal debt levels, the housing market, stock market volatility and uncertainty about the future. If rental rates for our properties decrease, our existing tenants do not renew their leases or we do not re-lease a significant portion of our available space and space for which leases expire, our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations could be materially and adversely affected.

The short-term leases in our multifamily portfolio expose us to the effects of declining market rents, which could adversely affect our results of operations, cash flow and cash available for distribution.

Substantially all of the leases in our multifamily portfolio are for terms of 12 months or less. As a result, even if we are able to renew or re-lease apartment units as leases expire, our rental revenues will be impacted by declines in market rents more quickly than if all of our leases had longer terms, which could adversely affect our results of operations, cash flow and cash available for distribution.

Competition for property acquisitions and development opportunities may reduce the number of opportunities available to us and increase our costs, which could have a material adverse effect on our growth prospects.

The current market for property acquisitions and development opportunities continues to be extremely competitive. This competition may increase the demand for the types of properties in which we typically invest and, therefore, reduce the number of suitable investment opportunities available to us and increase the purchase prices for such properties, in the event we are able to acquire or develop such properties. We face significant competition for attractive investment opportunities from an indeterminate number of investors, including publicly traded and privately held REITs, private equity investors and institutional investment funds, some of which have greater financial resources than we do, a greater ability to borrow funds to make investments in properties and the ability to accept more risk than we can prudently manage, including risks with respect to the geographic proximity of investments and the payment of higher acquisition prices. This competition will increase if investments in real estate become more attractive relative to other forms of investment. If the level of competition for investment opportunities is significant in our target markets, it could have a material adverse effect on our growth prospects.

Increased competition and increased affordability of residential homes could limit our ability to retain our residents, lease apartment units or increase or maintain rents at our multifamily apartment communities.

Our multifamily apartment communities compete with numerous housing alternatives in attracting residents, including other multifamily apartment communities and single-family rental units, as well as owner-occupied single-family and

multifamily units. Competitive housing in a particular area and an increase in affordability of owner-occupied single-family and multifamily units due to, among other things, declining housing prices, oversupply, mortgage interest rates and tax incentives and government programs to promote home ownership, could adversely affect our ability to retain residents, lease apartment units and increase or maintain rents at our multifamily properties, which could adversely impact our results of operations, cash flow and cash available for distribution.

The failure of properties that we develop or acquire in the future to meet our financial expectations could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution, ability to service our debt obligations, the per share trading price of our common stock, and growth prospects.

Our future acquisitions and development projects and our ability to successfully operate these properties may be exposed to the following significant risks, among others:

- we may acquire or develop properties that are not accretive to our results upon acquisition, and we may not successfully manage and lease those properties to meet our expectations;
- our cash flow may be insufficient to enable us to pay the required principal and interest payments on the debt secured by the property;
- we may spend more than budgeted amounts to make necessary improvements or renovations to acquired properties or to develop new properties;
- we may be unable to quickly and efficiently integrate new acquisitions or developed properties into our existing operations;
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and
- we may acquire properties subject to liabilities without any recourse, or with only limited recourse, with respect to unknown liabilities such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of the properties, liabilities incurred in the ordinary course of business and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

If we cannot operate acquired or developed properties to meet our financial expectations, our financial condition, results of operations, cash flow, cash available for distribution, ability to service our debt obligations, the per share trading price of our common stock, and growth prospects could be materially and adversely affected.

Failure to succeed in new markets may limit our growth.

We have acquired in the past, and we may acquire in the future if appropriate opportunities arise, properties that are outside of our primary markets. Entering into new markets exposes us to a variety of risks, including difficulty evaluating local market conditions and local economies, developing new business relationships in the area, competing with other companies that already have an established presence in the area, hiring and retaining key personnel, evaluating quality tenants in the area, and a lack of familiarity with local governmental and permitting procedures. Furthermore, expansion into new markets may divert management time and other resources away from our current primary markets. As a result, we may not be successful in expanding into new markets, which could adversely impact our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

We depend on significant tenants in certain of our office properties, and an inability to pay rent by any of these tenants could result in a material decrease in our rental income, which would have an adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

As of December 31, 2017, the top ten largest tenants in our office portfolio collectively accounted for approximately 50.6% of the total annualized base rent in our office portfolio. Furthermore, Clark Nexsen, Hampton University, and Mythics accounted for 12.7%, 5.3%, and 5.3%, respectively, of the total annualized base rent in our office portfolio as of December 31, 2017. The inability of these or other significant tenants to pay rent or renew their leases upon expiration could materially and adversely affect the income produced by our office properties, which would have an adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

A bankruptcy or insolvency of any of our significant tenants in our office or retail properties could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution and ability to service our debt obligations.

If a significant tenant in our office or retail properties becomes bankrupt or insolvent, federal law may prohibit us from evicting such tenant based solely upon such bankruptcy or insolvency. In addition, a bankrupt or insolvent tenant may be authorized to reject and terminate its lease with us. Any claim against such tenant for unpaid, future rent would be subject to a statutory cap that might be substantially less than the remaining rent owed under the lease. If any of these tenants were to experience a downturn in its business or a weakening of its financial condition resulting in its failure to make timely rental payments or causing it to default under its lease, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment. In many cases, we may have made substantial initial investments in the applicable leases through tenant improvement allowances and other concessions that we may not be able to recover. Any such event could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Certain of the leases at our retail properties contain “co-tenancy” or “go-dark” provisions, which, if triggered, may allow tenants to pay reduced rent, cease operations or terminate their leases, any of which could materially and adversely affect our performance or the value of the affected retail property.

Certain of the leases at our retail properties contain “co-tenancy” provisions that condition a tenant’s obligation to remain open, the amount of rent payable by the tenant or the tenant’s obligation to continue occupancy on certain conditions, including: (i) the presence of a certain anchor tenant or tenants, (ii) the continued operation of an anchor tenant’s store and (iii) minimum occupancy levels at the retail property. If a co-tenancy provision is triggered by a failure of any of these or other applicable conditions, a tenant could have the right to cease operations, to terminate its lease early or to reduce its rent. In periods of prolonged economic decline, there is a higher than normal risk that co-tenancy provisions will be triggered as there is a higher risk of tenants closing stores or terminating leases during these periods. In addition to these co-tenancy provisions, certain of the leases at our retail properties contain “go-dark” provisions that allow the tenant to cease operations while continuing to pay rent. This could result in decreased customer traffic at the affected retail property, thereby decreasing sales for our other tenants at that property, which may result in our other tenants being unable to pay their minimum rents or expense recovery charges. These provisions also may result in lower rental revenue generated under the applicable leases. To the extent co-tenancy or go-dark provisions in our retail leases result in lower revenue, tenant sales, tenants’ rights to terminate their leases early, or a reduction of their rent, our revenues and the value of the affected retail property could be materially and adversely affected.

Our dependence on smaller businesses, particularly in our retail portfolio, to rent our space could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Many of our tenants, particularly those that lease space in our retail properties are smaller businesses that generally do not have the financial strength or resources of larger corporate tenants. In particular, 208 of our retail leases (representing approximately 13% of our annualized base rent from retail properties as of December 31, 2017) lease 2,500 or less square feet from us, and many of those tenants are smaller independent businesses, which generally experience a higher rate of failure than larger businesses. As a result of our dependence on these smaller businesses, we could experience a higher rate of tenant

defaults, turnover and bankruptcies, which could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Many of our operating costs and expenses are fixed and will not decline if our revenues decline.

Our results of operations depend, in large part, on our level of revenues, operating costs and expenses. The expense of owning and operating a property is not necessarily reduced when circumstances such as market factors and competition cause a reduction in revenue from the property. As a result, if revenues decline, we may not be able to reduce our expenses to keep pace with the corresponding reductions in revenues. Many of the costs associated with real estate investments, such as real estate taxes, insurance, loan payments and maintenance, generally will not be reduced if a property is not fully occupied or other circumstances cause our revenues to decrease, which could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Adverse conditions in the general retail environment could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Approximately 56% of our total annualized base rent as of December 31, 2017 is from retail properties. As a result, we are subject to factors that affect the retail sector generally, as well as the market for retail space. The retail environment and the market for retail space have been, and in the future could be, adversely affected by weakness in the national, regional and local economies, the level of consumer spending and consumer confidence, the adverse financial condition of some large retail companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets and increasing competition from discount retailers, outlet malls, internet retailers and other online businesses. Increases in consumer spending via the internet may significantly affect our retail tenants' ability to generate sales in their stores. New and enhanced technologies, including new digital technologies and new web services technologies, may increase competition for certain of our retail tenants.

Any of the foregoing factors could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our retail properties. In turn, these conditions could negatively affect market rents for retail space and could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Increases in interest rates will increase our interest expense and may adversely affect our cash flow and ability to pay distributions.

We have incurred, and may in the future incur, additional indebtedness that bears interest at a variable rate. An increase in interest rates would increase our interest expense and increase the cost of refinancing existing debt and issuing new debt, which would adversely affect our cash flow and ability to make distributions to our stockholders. In addition, to the extent we are unable to refinance debt when it becomes due, we will have fewer debt guarantee opportunities available to offer under our tax protection agreements, which could trigger an obligation to indemnify certain parties under the applicable tax protection agreements. Furthermore, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments at times that may not permit realization of the maximum return on such investments. The effect of prolonged interest rate increases could adversely impact our ability to make acquisitions and develop properties.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.

Mortgage and other secured debt obligations increase our risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing any loans for which we are in default. Any foreclosure on a mortgaged property or group of properties could adversely affect the overall value of our portfolio of properties. For tax purposes, a foreclosure on any of our properties that is subject to a nonrecourse mortgage loan would be treated as a sale of the property for a purchase price equal to the outstanding balance of

the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. Foreclosures could also trigger our tax indemnification obligations under the terms of our tax protection agreements with respect to the sales of certain properties.

Most of our debt arrangements involve balloon payment obligations, which may materially and adversely affect our financial condition, cash flow, cash available for distribution, and ability to service our debt obligations.

Most of our debt arrangements require us to make a lump-sum or “balloon” payment at maturity. Our ability to make a balloon payment at maturity is uncertain and may depend upon our ability to obtain additional financing or our ability to sell the property. At the time the balloon payment is due, we may or may not be able to refinance the existing financing on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment. In addition, balloon payments and payments of principal and interest on our indebtedness may leave us with insufficient cash to pay the distributions that we are required to pay to maintain our qualification as a REIT. Any of these factors may materially and adversely affect our financial condition, cash flow, cash available for distribution, and ability to service our debt obligations.

Our credit facility restricts our ability to engage in certain business activities, including our ability to incur additional indebtedness, make capital expenditures and make certain investments.

Our credit facility contains customary negative covenants and other financial and operating covenants that, among other things:

- restrict our ability to incur additional indebtedness;
- restrict our ability to incur additional liens;
- restrict our ability to make certain investments (including certain capital expenditures);
- restrict our ability to merge with another company;
- restrict our ability to sell or dispose of assets;
- restrict our ability to make distributions to our stockholders; and
- require us to satisfy minimum financial coverage ratios, minimum tangible net worth requirements and maximum leverage ratios.

These limitations restrict our ability to engage in certain business activities, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution and ability to service our debt obligations. In addition, our credit facility may contain specific cross-default provisions with respect to specified other indebtedness, giving the lenders the right, in certain circumstances, to declare a default if we are in default under other loans.

Adverse economic and geopolitical conditions and dislocations in the credit markets could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Our business may be affected by market and economic challenges experienced by the U.S. economy or real estate industry as a whole. Such conditions may materially and adversely affect us as a result of the following potential consequences, among others:

- decreased demand for office, retail and multifamily space, which would cause market rental rates and property values to be negatively impacted;
- reduced values of our properties may limit our ability to dispose of assets at attractive prices or obtain debt financing secured by our properties and may reduce the availability of unsecured loans;
- our ability to obtain financing on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from our acquisition and development activities and increase our future debt service expense; and
- one or more lenders under our credit facility could refuse to fund their financing commitment to us, or could otherwise fail to do so, and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all.

If the U.S. economy experiences an economic downturn, we may see increases in bankruptcies and defaults by our tenants, and we may experience higher vacancy rates and delays in re-leasing vacant space, which could negatively impact our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Failure to hedge effectively against interest rate changes may adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Subject to maintaining our qualification as a REIT, we expect to continue to enter into hedging transactions to protect us from the effects of interest rate fluctuations on floating rate debt. Our existing hedging transactions have included, and future hedging transactions may include, entering into interest rate cap agreements or interest rate swap agreements. These agreements involve risks, such as the risk that (i) such arrangements would not be effective in reducing our exposure to interest rate changes, (ii) a court could rule that such agreements are not legally enforceable, (iii) hedging could actually increase our costs and reduce the overall returns on our investments, as interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates, (iv) counterparties to such arrangements would not perform, (v) we could incur significant costs associated with the settlement of the agreements, or (vi) the underlying transactions could fail to qualify as highly-effective cash flow hedges under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 815, *Derivatives and Hedging*. Our failure to hedge effectively against interest rate changes may adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

We will continue to incur costs as a result of being a public company, and such costs may increase when we cease to be an “emerging growth company.”

As a public company, we expect to continue to incur significant legal, accounting, insurance and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect compliance with these public reporting requirements and associated rules and regulations to increase expenses, particularly after we are no longer an emerging growth company, although we are currently unable to estimate these costs with any degree of certainty. We will lose our status as an emerging growth company as of December 31, 2018, which is the last day of the fiscal year after the fifth anniversary of our initial public offering, which could result in our incurring additional costs applicable to public companies that are not emerging growth companies.

We will be required to have an independent auditor assess the effectiveness of our internal control over financial reporting when we cease to be an “emerging growth company.”

As of December 31, 2018, we will no longer be an emerging growth company under the Jumpstart Our Business Startups Act ("JOBS Act"), and management will be required to have an independent auditor assess the effectiveness of our internal control over financial reporting, pursuant to Section 404 of the Sarbanes-Oxley Act. Substantial work on our part is required to implement appropriate processes, document the system of internal control over key processes, assess their design, remediate any deficiencies identified and test their operation. This process is expected to be both costly and challenging. We cannot give any assurances that material weaknesses will not be identified in the future in connection with our compliance with the provisions of Section 404 of the Sarbanes-Oxley Act. The existence of any material weakness described above would preclude a conclusion by management and our independent auditors that we maintained effective internal control over financial reporting. Our management may be required to devote significant time and expense to remediate any material weaknesses that may be discovered and may not be able to remediate any material weakness in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, any of which could lead to a decline in the per share trading price of our common stock.

We may be required to make rent or other concessions or significant capital expenditures to improve our properties in order to retain and attract tenants, which may materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Upon expiration of our leases to our tenants, we may be required to make rent or other concessions, accommodate requests for renovations, build-to-suit remodeling and other improvements or provide additional services to our tenants, any of which would increase our costs. As a result, we may have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers. Additionally, we may need to raise capital to make such expenditures. If we are unable to do so or capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases. If any of the foregoing were to occur, it could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Our use of units in our Operating Partnership as currency to acquire properties could result in stockholder dilution or limit our ability to sell such properties, which could have a material adverse effect on us.

We have acquired, and in the future may acquire, properties or portfolios of properties through tax deferred contribution transactions in exchange for OP Units. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions also could limit our ability to sell properties at a time, or on terms, that would be favorable absent such restrictions. In addition, future issuances of OP Units would reduce our ownership percentage in our Operating Partnership and affect the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders. To the extent that our stockholders do not directly own OP Units, our stockholders will not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership.

Significant competition in the leasing market could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution and our ability to service our debt obligations.

We compete with numerous developers, owners and operators of real estate, many of which own properties similar to ours in the same submarkets in which our properties are located. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may lose existing or potential tenants and we may be pressured to reduce our rental rates below those we currently charge or to offer more substantial rent abatements, tenant improvements, early termination rights or below-market renewal options in order to retain tenants when our tenants' leases expire. As a result, our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations could be materially and adversely affected.

Our success depends on key personnel whose continued service is not guaranteed, and the loss of one or more of our key personnel could adversely affect our ability to manage our business and to implement our growth strategies, or could create a negative perception of our company in the capital markets.

Our continued success and our ability to manage anticipated future growth depend, in large part, upon the efforts of key personnel, particularly Messrs. Hoffer (our Executive Chairman), Kirk (our Vice Chairman), Haddad (our President and Chief Executive Officer), Apperson (our President of Construction), O'Hara (our Chief Financial Officer and Treasurer), and Smith (our Chief Operating Officer, Chief Investment Officer and Corporate Secretary) and Ms. Hampton (our President of Asset Management), who have extensive market knowledge and relationships and exercise substantial influence over our operational, financing, development and construction activity. Among the reasons that these individuals are important to our success is that each has a national or regional industry reputation that attracts business and investment opportunities and assists us in negotiations with lenders, existing and potential tenants and industry personnel. We have not currently entered into employment agreements with any of these individuals. If we lose their services, our relationships with such industry personnel could diminish.

Many of our other senior executives also have extensive experience and strong reputations in the real estate industry, which aid us in identifying opportunities, having opportunities brought to us and negotiating with tenants and build-to-suit prospects. The loss of services of one or more members of our senior management team, or our inability to attract and retain highly qualified personnel, could adversely affect our business, diminish our investment opportunities and weaken our relationships with lenders, business partners, existing and prospective tenants and industry participants, which could materially and adversely affect our financial condition, results of operations, cash flow, and the per share trading price of our common stock.

We may be subject to ongoing or future litigation, including existing claims relating to the entities that owned the properties prior to our initial public offering and otherwise in the ordinary course of business, which could have a material adverse effect on our financial condition, results of operations, cash flow, the per share trading price of our common stock, cash available for distribution, and ability to service our debt obligations.

We may be subject to ongoing or future litigation, including existing claims relating to the entities that owned the properties and operated the businesses prior to our initial public offering and otherwise in the ordinary course of business. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We generally intend to vigorously defend ourselves. However, we cannot be certain of the ultimate outcomes of currently asserted claims or of those that may arise in the future. In addition, we may become subject to litigation in connection with the formation transactions related to our initial public offering in the event that prior investors dispute the valuation of their respective interests, the adequacy of the consideration received by them in the formation transactions or the interpretation of the agreements implementing the formation transactions. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact our earnings and cash flow, thereby having an adverse effect on our financial condition, results of operations, cash flow, the per share trading price of our common stock, cash available for distribution, and ability to service our debt obligations. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could materially and adversely affect our results of operations and cash flow, expose us to increased risks that would be uninsured, and adversely impact our ability to attract officers and directors.

Potential losses from hurricanes in Virginia, Maryland, North Carolina and South Carolina may not be covered by insurance.

All but two of the properties in our portfolio as of December 31, 2017 are located in Virginia, Maryland, North Carolina and South Carolina, which are areas particularly susceptible to hurricanes. While we carry insurance on certain of our properties, the amount of our insurance coverage may not be sufficient to fully cover losses from hurricanes and will be subject

to limitations involving large deductibles or co-payments. In addition, we may reduce or discontinue insurance on some or all of our properties in the future if the cost of premiums for any such policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. As a result, in the event of a hurricane, we may be required to incur significant costs, and, to the extent that a loss exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

We may not be able to rebuild our existing properties to their existing specifications if we experience a substantial or comprehensive loss of such properties.

In the event that we experience a substantial or comprehensive loss of one of our properties, we may not be able to rebuild such property to its existing specifications. Further, reconstruction or improvement of such a property would likely require significant upgrades to meet zoning and building code requirements. Environmental and legal restrictions could also restrict the rebuilding of our properties.

Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on co-venturers' financial condition and disputes between us and our co-venturers.

In the past, we have, and in the future, we expect to, co-invest with third parties through partnerships, joint ventures or other entities, acquiring noncontrolling interests in or sharing responsibility for developing properties and managing the affairs of a property, partnership, joint venture or other entity. In particular, in connection with the formation transactions related to our initial public offering, we provided certain of the prior investors with the right to co-develop certain projects with us in the future and the right to acquire a minority equity interest in certain properties that we may develop in the future, in each case under certain circumstances and subject to certain conditions set forth in the applicable agreement. Furthermore, as of December 31, 2017, we were 70%, 65%, 80%, 92.5%, 90%, and 37% joint venture partners in our Lightfoot Marketplace, Brooks Crossing, Harding Place, 595 King Street, 530 Meeting Street, and City Center development projects, respectively. In the event that we co-develop a property together with a third party, we would be required to share a portion of the development fee. With respect to any such arrangement or any similar arrangement that we may enter into in the future, we may not be in a position to exercise sole decision-making authority regarding the development, property, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present where a third party is not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives, and they may have competing interests in our markets that could create conflicts of interest. Such investments may also have the potential risk of impasses on decisions, such as a sale or financing, because neither we nor the partner(s) or co-venturer(s) would have full control over the partnership or joint venture. In addition, a sale or transfer by us to a third party of our interests in the joint venture may be subject to consent rights or rights of first refusal, in favor of our joint venture partners, which would in each case restrict our ability to dispose of our interest in the joint venture. Where we are a limited partner or non-managing member in any partnership or limited liability company, if such entity takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers. Our joint ventures may be subject to debt and, during periods of volatile credit markets, the refinancing of such debt may require equity capital calls.

Mezzanine loans and similar loan investments are subject to significant risks, and losses related to these investments could have a material adverse effect on our financial condition and results of operations.

We have originated, and may in the future originate or acquire, mezzanine or similar loans, which take the form of subordinated loans secured by second mortgages on the underlying property or loans secured by a pledge of the ownership

interests of either the entity owning the property or a pledge of the ownership interests of the entity that owns the interest in the entity owning the property. These types of loans involve a higher degree of risk than long-term senior mortgage loans secured by income-producing real property because the loan may become unsecured as a result of foreclosure by the senior lender. In addition, these loans may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the property and increasing the risk of loss of principal. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt is paid in full. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. As a result, we may not recover some or all of our initial investment. In addition, in connection with our loan investments, we may have options to purchase all or a portion of the underlying property upon maturity of the loan; however, if a developer's costs for a project are higher than anticipated, exercising such options may not be attractive or economically feasible, or we may not have sufficient funds to exercise such options even if we desire to do so. Significant losses related to mezzanine or similar loan investments could have a material adverse effect on our financial condition and results of operations.

Our growth depends on external sources of capital that are outside of our control and may not be available to us on commercially reasonable terms or at all, which could limit our ability to, among other things, meet our capital and operating needs or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

In order to maintain our qualification as a REIT, we are required under the Code to, among other things, distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, we will be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our REIT taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary capital expenditures, from operating cash flow. Consequently, we intend to rely on third-party sources to fund our capital needs. We may not be able to obtain such financing on favorable terms or at all and any additional debt we incur will increase our leverage and likelihood of default. Our access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market's perception of our growth potential;
- our current debt levels;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price per share of our common stock.

If we cannot obtain capital from third-party sources, we may not be able to acquire or develop properties when strategic opportunities exist, meet the capital and operating needs of our existing properties, satisfy our debt service obligations or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

We may not be able to sustain our growth rate level.

Since our inception, we have achieved significant growth in our portfolio and results of operations. We may not be able to sustain this level of growth, and over time we may experience a decline in our growth rate as a result of various factors, including our ability to successfully acquire and develop retail, office and multifamily properties, changes in the economic and other conditions in geographic markets in which we conduct business, changes in the real estate market generally, the competitiveness of the real estate market and the other risks discussed in this section, which could adversely affect the market price of our common stock.

Risks Related to Our Third-Party Construction Business

Adverse economic and regulatory conditions, particularly in the Mid-Atlantic region, could adversely affect our construction and development business, which could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Our third-party construction activities have been, and are expected to continue to be, primarily focused in the Mid-Atlantic region, although we have also undertaken construction projects in various states in the Southeast, Northeast and Midwest regions of the United States. As a result of our concentration of construction projects in the Mid-Atlantic region of the United States, we are particularly susceptible to adverse economic or other conditions in this market (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, relocations of businesses, labor disruptions and the costs of complying with governmental regulations or increased regulation), as well as to natural disasters that occur in this region. We cannot assure you that our target markets will support construction and development projects of the type in which we typically engage. While we have the ability to provide a wide range of development and construction services, any adverse economic or real estate developments in the Mid-Atlantic region could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

There can be no assurance that all of the projects for which our construction business is engaged as general contractor will be commenced or completed in their entirety in accordance with the anticipated cost, or that we will achieve the financial results we expect from the construction of such properties, which could materially and adversely affect our results of operations, cash flow, and growth prospects.

Our construction business earns profit for serving as general contractor equal to the difference between the total construction fees that we charge and the costs that we incur to build a property. If the decision is made by a third-party client to abandon a construction project for any reason, our anticipated fee revenue from such project could be significantly lower than we expect. In addition, we defer pre-contract costs when such costs are directly associated with specific anticipated construction contracts and their recovery is deemed probable. In the event that we determine that the execution of a construction contract is no longer probable, we would be required to expense those pre-contract costs in the period in which such determination is made, which could materially and adversely affect our results of operations in such period. Our ability to complete the projects in our construction pipeline on time and on budget could be materially and adversely affected as a result of the following factors, among others:

- shortages of subcontractors, equipment, materials or skilled labor;
- unscheduled delays in the delivery of ordered materials and equipment;
- unanticipated increases in the cost of equipment, labor and raw materials;
- unforeseen engineering, environmental or geological problems;
- weather interferences;
- difficulties in obtaining necessary permits or in meeting permit conditions;
- client acceptance delays; or
- work stoppages and other labor disputes.

If we do not complete construction projects on time and on budget, it could have a material adverse effect on us, including our results of operations, cash flow, and growth prospects.

Our dependence on third-party subcontractors and equipment and material providers could result in material shortages and project delays and could reduce our profits or result in project losses, which could materially and adversely affect our financial condition, results of operations, and cash flow.

Because our construction business provides general contracting services, we rely on third-party subcontractors and equipment and material providers. For example, we procure equipment and construction materials as needed when engaged in large construction projects. To the extent that we cannot engage subcontractors or acquire equipment and materials at reasonable costs or if the amount we are required to pay for subcontractors or equipment exceeds our estimates, our ability to complete a construction project in a timely fashion or at a profit may be impaired. In addition, if a subcontractor or a manufacturer is unable to deliver its services, equipment or materials according to the negotiated terms for any reason, including the deterioration of its financial condition, we may be required to purchase the services, equipment or materials from another source at a higher price. Additionally, while our construction contracts generally provide that our obligation to pay subcontractors is expressly made subject to the condition precedent that we shall have first received payment, we cannot assure you that these so called “pay-if-paid” or “pay-when-paid” provisions will be recognized in all jurisdictions in which we do business, or that a subcontractor or payment bond surety may not otherwise be entitled to payment or to record a lien on the affected property. In such event, we may be required to pay a payment bond surety or the subcontractors we engage even though we have yet to receive our fees as general contractor. This may reduce the profit to be realized or result in a loss on a project for which the services, equipment or materials are needed, which may materially and adversely affect our financial condition, results of operations, and cash flow.

Our construction business recognizes certain revenue on a percentage-of-completion basis and upon the achievement of contractual milestones, and any delay or cancellation of a construction project could materially and adversely affect our cash flow and results of operations.

Our construction business recognizes certain revenue on a percentage-of-completion basis and, as a result, revenue from our construction business is driven by the performance of our contractual obligations. The percentage-of-completion method of accounting is inherently subjective because it relies on estimates of total project cost as a basis for recognizing revenue and profit. Accordingly, revenue and profit recognized under the percentage-of-completion method is potentially subject to adjustments in subsequent periods based on refinements in the estimated cost to complete a project, which could result in a reduction or reversal of previously recorded revenues and profits. In addition, delays in, or the cancellation of, any particular construction project could adversely impact our ability to recognize revenue in a particular period. Furthermore, changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income in the period in which they are determined. If any of the foregoing were to occur, it could have a material adverse effect on our cash flow and results of operations.

Construction project sites are inherently dangerous workplaces, and, as a result, our failure to maintain safe construction project sites could result in deaths or injuries, reduced profitability, the loss of projects or clients and possible exposure to litigation, any of which could materially and adversely affect our financial condition, results of operations, cash flow and reputation.

Construction and maintenance sites often put our employees, employees of subcontractors, our tenants and members of the public in close proximity with mechanized equipment, moving vehicles, chemical and manufacturing processes and highly regulated materials. On many sites, we are responsible for safety and, accordingly, must implement appropriate safety procedures. If we fail to implement these procedures or if the procedures we implement are ineffective, we may suffer the loss of or injury to our employees or fines or expose our tenants and members of the public to potential injury, thereby creating exposure to litigation. As a result, our failure to maintain adequate safety standards could result in reduced profitability or the loss of projects, clients and tenants, which may materially and adversely affect our financial condition, results of operations, cash flow, and reputation.

Supply shortages and other risks associated with demand for skilled labor could increase construction costs and delay performance of our obligations under construction contracts, which could materially and adversely affect the profitability of our construction business, our cash flow, and our results of operations.

There is a high level of competition in the construction industry for skilled labor. Increased costs, labor shortages or other disruptions in the supply of skilled labor, such as carpenters, roofers, electricians and plumbers, could cause increases in construction costs and construction delays. We may not be able to pass on increases in construction costs because of market conditions or negotiated contractual terms. Sustained increases in construction costs due to competition for skilled labor and delays in performance under construction contracts may materially and adversely affect the profitability of our construction business, our cash flow, and results of operations.

Our failure to successfully and profitably bid on construction contracts could materially and adversely affect our results of operations and cash flow.

Many of the costs related to our construction business, such as personnel costs, are fixed and are incurred by us irrespective of the level of activity of our construction business. The success of our construction business depends, in part, on our ability to successfully and profitably bid on construction contracts for private and public sector clients. Contract proposals and negotiations are complex and frequently involve a lengthy bidding and selection process, which can be impacted by a number of factors, many of which are outside our control, including market conditions, financing arrangements and required governmental approvals. If we are unable to maintain a consistent backlog of third-party construction contracts, our results of operations and cash flow could be materially and adversely affected.

If we fail to timely complete a construction project, miss a required performance standard, or otherwise fail to adequately perform on a construction project, we may incur losses or financial penalties, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, ability to service our debt obligations, and reputation.

We may contractually commit to a construction client that we will complete a construction project by a scheduled date at a fixed cost. We may also commit that a construction project, when completed, will achieve specified performance standards. If the construction project is not completed by the scheduled date or fails to meet required performance standards, we may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late completion or failure to achieve the required performance standards. In addition, completion of projects can be adversely affected by a number of factors beyond our control, including unavoidable delays from governmental inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials, availabilities of subcontractors, changes in the project scope of services requested by our clients, industrial accidents, environmental hazards, labor disruptions and other factors. In some cases, if we fail to meet required performance standards or milestone requirements, we may also be subject to agreed-upon financial damages in the form of liquidated damages, which are determined pursuant to the contract governing the construction project. To the extent that these events occur, the total costs of the project could exceed our estimates and our contracted cost and we could experience reduced profits or, in some cases, incur a loss on a project, which may materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations. Failure to meet performance standards or complete performance on a timely basis could also adversely affect our reputation.

Unionization or work stoppages could have a material adverse effect on us.

From time to time, our construction business and the subcontractors we engage may use unionized construction workers, which requires us to pay the prevailing wage in a jurisdiction to such workers. Due to the highly labor-intensive and price-competitive nature of the construction business, the cost of unionization or prevailing wage requirements for new developments could be substantial, which could adversely affect our profitability. In addition, the use of unionized construction workers could cause us to become subject to organized work stoppages, which would materially and adversely affect our ability to meet our construction timetables and could significantly increase the cost of completing a construction project.

Risks Related to Our Development Business and Property Acquisitions

Our failure to establish new development relationships with public partners and expand our development relationships with existing public partners could have a material adverse effect on our results of operations, cash flow, and growth prospects.

Our growth strategy depends significantly on our ability to leverage our extensive experience in completing large, complex, mixed-use public/private projects to establish new relationships with public partners and expand our relationships with existing public partners. Future increases in our revenues may depend significantly on our ability to expand the scope of the work we do with the state and local government agencies with which we currently have partnered and attract new state and local government agencies to undertake public/private development projects with us. Our ability to obtain new work with state and local governmental authorities on new public/private development and financing partnerships could be adversely affected by several factors, including decreases in state and local budgets, changes in administrations, the departure of government personnel with whom we have worked, and negative public perceptions about public/private partnerships. In addition, to the extent that we engage in public/private partnerships in states or local communities in which we have not previously worked, we could be subject to risks associated with entry into new markets, such as lack of market knowledge or understanding of the local economy, lack of business relationships in the area, competition with other companies that already have an established presence in the area, difficulties in hiring and retaining key personnel, difficulties in evaluating quality tenants in the area, and unfamiliarity with local governmental and permitting procedures. If we fail to establish new relationships with public partners and expand our relationships with existing public partners, it could have a material adverse effect on our results of operations, cash flow, and growth prospects.

We may be unable to identify and complete development opportunities and acquisitions of properties that meet our investment criteria, which may materially and adversely affect our results of operations, cash flow, and growth prospects.

Our business and growth strategy involves the development and selective acquisition of office, retail and multifamily properties. We may expend significant management time and other resources, including out-of-pocket costs, in pursuing these investment opportunities. Our ability to complete development projects or acquire properties on favorable terms, or at all, may be exposed to the following significant risks:

- we may incur significant costs and divert management attention in connection with evaluating and negotiating potential development opportunities and acquisitions, including those that we are subsequently unable to complete;
- agreements for the development or acquisition of properties are subject to conditions, which we may be unable to satisfy; and
- we may be unable to obtain financing on favorable terms or at all.

If we are unable to identify attractive investment opportunities and successfully develop new properties, our results of operations, cash flow, and growth prospects could be materially and adversely affected.

The risks associated with land holdings and related activities could have a material adverse effect on our results of operations.

We hold options to acquire undeveloped parcels of land for future development and may in the future acquire additional land holdings for development. The risks inherent in purchasing, owning, and developing land increase as demand or rental rates for office, retail or multifamily properties decreases. Real estate markets are highly uncertain and volatile and, as a result, the value of undeveloped land has fluctuated significantly and may continue to fluctuate. In addition, carrying costs, including interest and other pre-development costs, can be significant and can result in losses or reduced profitability. If there are subsequent changes in the fair value of our undeveloped land holdings that cause us to determine that the fair value of our

undeveloped land holdings is less than their carrying basis reflected in our financial statements plus estimated costs to sell, we may be required to take future impairment charges which would reduce our net income and could materially and adversely affect our results of operations.

The success of our activities to design, construct and develop properties in which we will retain an ownership interest is dependent, in part, on the availability of suitable undeveloped land at acceptable prices as well as our having sufficient liquidity to fund investments in such undeveloped land and subsequent development.

Our success in designing, constructing and developing projects for our own account depends, in part, upon the continued availability of suitable undeveloped land at acceptable prices. The availability of undeveloped land for purchase at favorable prices depends on a number of factors outside of our control, including the risk of competitive over-bidding on land and governmental regulations that restrict the potential uses of land. If the availability of suitable land opportunities decreases, the number of development projects we may be able to undertake could be reduced. In addition, our ability to make land purchases will depend upon us having sufficient liquidity or access to external sources of capital to fund such purchases. Thus, the lack of availability of suitable land opportunities and insufficient liquidity to fund the purchases of any such available land opportunities could have a material adverse effect on our results of operations and growth prospects.

Our real estate development activities are subject to risks particular to development, such as unanticipated expenses, delays and other contingencies, any of which could materially and adversely affect our financial condition, results of operations, and cash flow.

We engage in development and redevelopment activities and will be subject to the following risks associated with such activities:

- unsuccessful development or redevelopment opportunities could result in direct expenses to us and cause us to incur losses;
- construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable;
- occupancy rates and rents of a completed project may not be sufficient to make the project profitable; and
- the availability and pricing of financing to fund our development activities on favorable terms or at all.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development or redevelopment activities once undertaken, any of which could have a material adverse effect on our financial condition, results of operations and cash flow.

There can be no assurance that all of the properties in our development pipeline will be completed in their entirety in accordance with the anticipated cost, or that we will achieve the results we expect from the development of such properties, which could materially and adversely affect our financial condition, results of operations, and growth prospects.

The development of the projects in our development pipeline is subject to numerous risks, many of which are outside of our control. The cost necessary to complete the development of our development pipeline could be materially higher than we anticipate. Because we generally intend to commence the construction phase of an office or retail project for our own account only where a substantial percentage of the commercial space is pre-leased, we could decide not to undertake construction on one or more of the projects in our development pipeline if our pre-leasing efforts are unsuccessful. Furthermore, if we are delayed in the completion of any development project, tenants may have the right to terminate pre-development leases, which could materially and adversely affect the financial viability of the project. In addition, even if we decide to commence construction on a project, we can provide no assurances that we will complete any of the projects in our development pipeline on the anticipated schedule, or that, once completed, the properties in our development pipeline will achieve the results that we

expect. If the development of the projects in our development pipeline is not completed in accordance with our anticipated timing or at the anticipated cost, or the properties fail to achieve the financial results we expect, it could have a material adverse effect on our financial condition, results of operations, and growth prospects.

Our option properties are subject to various risks, and we may not be able to acquire them.

We have options to acquire from certain of our officers and directors certain parcels of developable land, which will expire on May 1, 2018 unless otherwise extended. These parcels are exposed to many of the same risks that may affect the other properties in our portfolio. The terms of the option agreements relating to these parcels were not determined by arm's-length negotiations, and such terms may be less favorable to us than those that may have been obtained through negotiations with third parties. In addition, it may become economically unattractive to exercise our options with respect to these parcels, which could cause us to decide not to exercise our option to purchase these parcels in the future. In such event, or in the event that the option agreements expire by their terms, the parcels could be sold to one of our competitors without restriction. Because our officers and directors own economic interests in these parcels, our decision to exercise or refrain from exercising such options will create conflicts of interest.

Risks Related to the Real Estate Industry

Our business is subject to risks associated with real estate assets and the real estate industry, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Our ability to pay expected dividends to our stockholders depends on our ability to generate revenues in excess of expenses, scheduled principal payments on debt and capital expenditure requirements. Events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution and the value of our properties. These events include many of the risks set forth above under “—Risks Related to Our Business,” as well as the following:

- oversupply or reduction in demand for office, retail or multifamily space in our markets;
- adverse changes in financial conditions of buyers, sellers and tenants of properties;
- vacancies or our inability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options, and the need to periodically repair, renovate and re-lease space;
- increased operating costs, including insurance premiums, utilities, real estate taxes and state and local taxes;
- a favorable interest rate environment that may result in a significant number of potential residents of our multifamily apartment communities deciding to purchase homes instead of renting;
- rent control or stabilization laws, or other laws regulating rental housing, which could prevent us from raising rents to offset increases in operating costs;
- civil unrest, acts of war, terrorist attacks and natural disasters, including hurricanes, which may result in uninsured or underinsured losses;
- decreases in the underlying value of our real estate;
- changing submarket demographics; and

- changing traffic patterns.

In addition, periods of economic downturn or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.

The real estate investments made, and to be made, by us are difficult to sell quickly. As a result, our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial and investment conditions is limited. Return of capital and realization of gains, if any, from an investment generally will occur upon disposition or refinancing of the underlying property. We may be unable to realize our investment objectives by disposition or refinancing at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, our ability to dispose of one or more properties within a specific time period is subject to certain limitations imposed by our tax protection agreements, as well as weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located.

In addition, the Code imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs effectively require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of properties that otherwise would be in our best interests. Therefore, we may not be able to vary our portfolio in response to economic or other conditions promptly or on favorable terms.

Our property taxes could increase due to property tax rate changes or reassessment, which would adversely impact our cash flows and cash available for distribution.

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay some state and local taxes on our properties. The real property taxes on our properties may increase as property tax rates change or as our properties are assessed or reassessed by taxing authorities. Therefore, the amount of property taxes we pay in the future may increase substantially from what we have paid in the past. If the property taxes we pay increase, our cash flow and cash available for distribution would be adversely impacted.

As an owner of real estate, we could incur significant costs and liabilities related to environmental matters.

Under various federal, state and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste or petroleum products at, on, in, under or migrating from such property, including costs to investigate and clean up such contamination and liability for harm to natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. These liabilities could be substantial and the cost of any required remediation, removal, fines or other costs could exceed the value of the property and our aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability for costs of remediation and personal or property damage or materially and adversely affect our ability to sell, lease or develop our properties or to borrow using the properties as collateral. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which the properties may be used or businesses may be operated, and these restrictions may require substantial expenditures. See "Part I—Business—Regulation."

Some of our properties have been or may be impacted by contamination arising from current or prior uses of the property, or adjacent properties, for commercial or industrial purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials. For example, some of the tenants of properties in our retail portfolio operate gas stations or other businesses that utilize storage tanks to store petroleum products, propane or wastes typically associated with automobile service or other operations conducted at the properties, and spills or leaks of hazardous materials from those storage tanks could expose us to liability. See “Part I—Business—Regulation—Environmental Matters.” In addition to the foregoing, while we obtained Phase I Environmental Site Assessments for each of the properties in our portfolio, the assessments are limited in scope and may have failed to identify all environmental conditions or concerns. For example, they do not generally include soil sampling, subsurface investigations or hazardous materials surveys. Furthermore, we do not have current Phase I Environmental Site Assessment reports for all of the properties in our portfolio and, as such, may not be aware of all potential or existing environmental contamination liabilities at the properties in our portfolio. As a result, we could potentially incur material liability for these issues.

As the owner of the buildings on our properties, we could face liability for the presence of hazardous materials, such as asbestos or lead, or other adverse conditions, such as poor indoor air quality, in our buildings. Environmental laws govern the presence, maintenance, and removal of hazardous materials in buildings, and if we do not comply with such laws, we could face fines for such noncompliance. Also, we could be liable to third parties, such as occupants of the buildings, for damages related to exposure to hazardous materials or adverse conditions in our buildings, and we could incur material expenses with respect to abatement or remediation of hazardous materials or other adverse conditions in our buildings. In addition, some of our tenants routinely may handle and use hazardous or regulated substances and wastes as part of their operations at our properties, which are subject to regulation. Such environmental and health and safety laws and regulations could subject us or our tenants to liability resulting from these activities. Environmental liabilities could affect a tenant’s ability to make rental payments to us, and changes in laws could increase the potential liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect our operations, or those of our tenants, which could in turn have an adverse effect on us. If we incur material environmental liabilities in the future, we may face significant remediation costs, and we may find it difficult to sell any affected properties.

Our properties may contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs of remediation.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants or others if property damage or personal injury is alleged to have occurred.

We may incur significant costs complying with various federal, state and local laws, regulations and covenants that are applicable to our properties.

Properties are subject to various covenants and federal, state and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions, and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or community standards organizations at any time with respect to our properties, including prior to developing or acquiring a property or when undertaking renovations of any of our existing properties. Among other things, these restrictions may relate to fire and safety, seismic or hazardous material abatement requirements. There can be no assurance that existing laws and regulatory policies will not adversely affect us or the timing or cost of any future development,

acquisitions or renovations, or that additional regulations will not be adopted that increase such delays or result in additional costs. Our growth strategy may be affected by our ability to obtain permits, licenses and zoning relief.

In addition, federal and state laws and regulations, including laws such as the ADA and the Fair Housing Amendment Act of 1988 (“FHAA”), impose further restrictions on our properties and operations. Under the ADA and the FHAA, all public accommodations must meet federal requirements related to access and use by disabled persons. Some of our properties may currently be in non-compliance with the ADA or the FHAA. If one or more of the properties in our portfolio is not in compliance with the ADA, the FHAA or any other regulatory requirements, we may incur additional costs to bring the property into compliance, incur governmental fines or the award of damages to private litigants or be unable to refinance such properties. In addition, we do not know whether existing requirements will change or whether future requirements will require us to make significant unanticipated expenditures that will adversely impact our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Risks Related to Our Organizational Structure

Daniel Hoffler and his affiliates own, directly or indirectly, a substantial beneficial interest in our company on a fully diluted basis and have the ability to exercise significant influence on our company and our Operating Partnership, including the approval of significant corporate transactions.

As of December 31, 2017, Daniel Hoffler, our Executive Chairman, owned approximately 9% and, collectively, Messrs. Hoffler, Haddad and Kirk owned approximately 15% of the combined outstanding shares of our common stock and OP Units of our Operating Partnership (which OP Units may be redeemable for shares of our common stock). Consequently, these individuals may be able to significantly influence the outcome of matters submitted for stockholder action, including the approval of significant corporate transactions, including business combinations, consolidations and mergers.

Conflicts of interest may exist or could arise in the future between the interests of our stockholders and the interests of holders of units in our Operating Partnership, which may impede business decisions that could benefit our stockholders.

Conflicts of interest may exist or could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our Operating Partnership or any partner thereof, on the other. Our directors and officers have duties to our company under Maryland law in connection with their management of our company. At the same time, we, as the general partner of our Operating Partnership, have fiduciary duties and obligations to our Operating Partnership and its limited partners under Virginia law and the partnership agreement of our Operating Partnership in connection with the management of our Operating Partnership. Our fiduciary duties and obligations as the general partner of our Operating Partnership may come into conflict with the duties of our directors and officers to our company. Messrs. Hoffler, Haddad and Kirk own a significant interest in our Operating Partnership as limited partners and may have conflicts of interest in making decisions that affect both our stockholders and the limited partners of our Operating Partnership.

Under Virginia law, a general partner of a Virginia limited partnership has fiduciary duties of loyalty and care to the partnership and its partners and must discharge its duties and exercise its rights as general partner under the partnership agreement or Virginia law consistently with the obligation of good faith and fair dealing. The partnership agreement provides that, in the event of a conflict between the interests of our Operating Partnership or any partner, on the one hand, and the separate interests of our company or our stockholders, on the other hand, we, in our capacity as the general partner of our Operating Partnership, are under no obligation not to give priority to the separate interests of our company or our stockholders, and that any action or failure to act on our part or on the part of our directors that gives priority to the separate interests of our company or our stockholders that does not result in a violation of the contractual rights of the limited partners of the Operating Partnership under its partnership agreement does not violate the duty of loyalty that we, in our capacity as the general partner of our Operating Partnership, owe to the Operating Partnership and its partners.

Additionally, the partnership agreement provides that we will not be liable to the Operating Partnership or any partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by the Operating Partnership or any

limited partner, except for liability for our intentional harm or gross negligence. Our Operating Partnership must indemnify us, our directors and officers and our designees from and against any and all claims that relate to the operations of our Operating Partnership, unless: (i) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) the person actually received an improper personal benefit in violation or breach of the partnership agreement or (iii) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. Our Operating Partnership must also pay or reimburse the reasonable expenses of any such person upon its receipt of a written affirmation of the person's good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification. Our Operating Partnership will not indemnify or advance funds to any person with respect to any action initiated by the person seeking indemnification without our approval (except for any proceeding brought to enforce such person's right to indemnification under the partnership agreement) or if the person is found to be liable to our Operating Partnership on any portion of any claim in the action.

We may be subject to unknown or contingent liabilities related to acquired properties and properties that we may acquire in the future, which could have a material adverse effect on us.

Properties that we have acquired, and properties that we may acquire in the future, may be subject to unknown or contingent liabilities for which we may have no recourse, or only limited recourse, against the sellers. In general, the representations and warranties provided under the transaction agreements related to the purchase of properties that we acquire may not survive the completion of the transactions. Furthermore, indemnification under such agreements may be limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses. As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with these properties may exceed our expectations, and we may experience other unanticipated adverse effects, all of which may materially and adversely affect us.

Our charter contains certain provisions restricting the ownership and transfer of our stock that may delay, defer or prevent a change of control transaction that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Our charter contains certain ownership limits with respect to our stock. Our charter, among other restrictions, prohibits the beneficial or constructive ownership by any person of more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our stock, excluding any shares that are not treated as outstanding for federal income tax purposes. Our board of directors, in its sole and absolute discretion, may exempt a person, prospectively or retroactively, from this ownership limit if certain conditions are satisfied. This ownership limit as well as other restrictions on ownership and transfer of our stock in our charter may:

- discourage a tender offer or other transactions or a change in management or of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests; and
- result in the transfer of shares acquired in excess of the restrictions to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the acquirer of certain of the benefits of owning the additional shares.

We could increase the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval.

Our board of directors, without stockholder approval, has the power under our charter to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue. In addition, under our charter, our board of directors, without stockholder approval, has the power to

authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and set the preference, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications or terms or conditions of redemption for such newly classified or reclassified shares. As a result, we may issue series or classes of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of our common stock. Although our board of directors has no such intention at the present time, it could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Certain provisions of Maryland law could inhibit changes of control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Certain provisions of the Maryland General Corporation Law (the “MGCL”) may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- “business combination” provisions that, subject to limitations, prohibit certain business combinations between us and an “interested stockholder” (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting shares or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our then outstanding stock at any time within the two-year period immediately prior to the date in question) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose certain fair price and supermajority stockholder voting requirements on these combinations; and
- “control share” provisions that provide that holders of “control shares” of our company (defined as shares of stock that, when aggregated with other shares of stock controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of issued and outstanding “control shares”) have no voting rights with respect to their control shares, except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

By resolution of our board of directors, we have opted out of the business combination provisions of the MGCL and provided that any business combination between us and any other person is exempt from the business combination provisions of the MGCL, provided that the business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such persons). In addition, pursuant to a provision in our bylaws, we have opted out of the control share provisions of the MGCL. However, our board of directors may by resolution elect to opt in to the business combination provisions of the MGCL and we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL in the future.

Certain provisions of the MGCL permit our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain corporate governance provisions, some of which (for example, a classified board) are not currently applicable to us. If implemented, these provisions may have the effect of limiting or precluding a third party from making an unsolicited acquisition proposal for us or of delaying, deferring or preventing a change in control of us under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then current market price. Our charter contains a provision whereby we elect, at such time as we become eligible to do so, to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on our board of directors.

Certain provisions in the partnership agreement of our Operating Partnership may delay, make more difficult, or prevent unsolicited acquisitions of us.

Provisions in the partnership agreement of our Operating Partnership may delay, make more difficult, or prevent unsolicited acquisitions of us or changes of our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some of our stockholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights;
- a requirement that we may not be removed as the general partner of our Operating Partnership without our consent;
- transfer restrictions on OP Units;
- our ability, as general partner, in some cases, to amend the partnership agreement and to cause the Operating Partnership to issue units with terms that could delay, defer or prevent a merger or other change of control of us or our Operating Partnership without the consent of the limited partners; and
- the right of the limited partners to consent to direct or indirect transfers of the general partnership interest, including as a result of a merger or a sale of all or substantially all of our assets, in the event that such transfer requires approval by our common stockholders.

The limited partners in our Operating Partnership owned approximately 28.0% of the outstanding OP Units of our Operating Partnership as of December 31, 2017.

Our tax protection agreements could limit our ability to sell or otherwise dispose of certain properties.

In connection with the formation transactions related to our initial public offering, our Operating Partnership entered into tax protection agreements that provide that if we dispose of any interest in certain protected properties in a taxable transaction prior to the seventh (or, in a limited number of cases, the tenth) anniversary of the completion of the formation transactions, subject to certain exceptions, we will indemnify certain contributors, including Messrs. Hoffler, Haddad, Kirk and Apperson and their respective affiliates and certain of our other officers, for their tax liabilities attributable to the built-in gain that existed with respect to such property interests as of the time of our initial public offering, and the tax liabilities incurred as a result of such tax protection payment. In addition, in connection with certain acquisitions completed since our initial public offering, we entered into tax protection agreements that require us to indemnify the contributors for their tax liabilities in the event that we dispose of the properties subject to the tax protection agreements, and may enter into similar agreements in connection with future property acquisitions. Therefore, although it may be in our stockholders' best interests that we sell one of these properties, it may be economically prohibitive or unattractive for us to do so because of these obligations. Moreover, as a result of these potential tax liabilities, Messrs. Hoffler, Haddad, Kirk and Apperson and certain of our other officers may have a conflict of interest with respect to our determination as to certain of our properties.

Our tax protection agreements may require our Operating Partnership to maintain certain debt levels that otherwise would not be required to operate our business.

Under our tax protection agreements, our Operating Partnership has agreed to provide certain contributors of properties we have acquired, including Messrs. Hoffler, Haddad, Kirk, and Apperson and their respective affiliates and certain of our other officers, the opportunity to guarantee debt or enter into deficit restoration obligations upon a future repayment, retirement, refinancing or other reduction (other than scheduled amortization) of currently outstanding debt. If we fail to make such opportunities available, we will be required to deliver to each such contributor a cash payment intended to approximate

the contributor's tax liability resulting from our failure to make such opportunities available to that contributor and the tax liabilities incurred as a result of such tax protection payment. We agreed to these provisions in order to assist our contributors in deferring the recognition of taxable gain as a result of the contribution of certain properties to us. These obligations may require us to maintain more or different indebtedness than we would otherwise require for our business.

We may pursue less vigorous enforcement of terms of certain agreements with members of our senior management and our affiliates because of our dependence on them and conflicts of interest.

Each of Messrs. Hoffler, Haddad and Kirk, our Executive Chairman, President and Chief Executive Officer, and Vice Chairman, respectively, were parties to or had interests in contribution agreements with us pursuant to which we acquired interests in our properties and assets. In addition, we have entered into option agreements with certain of our officers and directors, or entities they control, with respect to certain parcels of developable land. We may choose not to enforce, or to enforce less vigorously, our rights under these agreements because of our desire to maintain our ongoing relationships with members of our board of directors and our management, with possible negative impact on stockholders.

Our board of directors may change our strategies, policies and procedures without stockholder approval and we may become more highly leveraged, which may increase our risk of default under our debt obligations.

Our investment, financing, leverage and distribution policies, and our policies with respect to all other activities, including growth, capitalization, and operations, will be determined exclusively by our board of directors and may be amended or revised at any time by our board of directors without notice to or a vote of our stockholders. This could result in us conducting operational matters, making investments or pursuing different business or growth strategies than those contemplated in this Annual Report on Form 10-K. Further, our charter and bylaws do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur. Our board of directors may alter or eliminate our current policy on borrowing at any time without stockholder approval. If this policy changed, we could become more highly leveraged, which could result in an increase in our debt service costs. Higher leverage also increases the risk of default on our obligations. In addition, a change in our investment policies, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure to interest rate risk, real estate market fluctuations and liquidity risk. Changes to our policies with regards to the foregoing could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

Under Maryland law, generally, a director will not be liable if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our charter limits the liability of our directors and officers to us and our stockholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated.

Our charter authorizes us to indemnify our directors and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our bylaws require us to indemnify each director and officer, to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to us. In addition, we may be obligated to advance the defense costs incurred by our directors and officers. We have entered into indemnification agreements with each of our executive officers and directors whereby we agreed to indemnify our directors and executive officers to the fullest extent permitted by Maryland law against all expenses and liabilities incurred in their capacity as an officer or director, subject to limited exceptions. As a result, we and our

stockholders may have more limited rights against our directors and officers than might otherwise exist absent the current provisions in our charter and bylaws and the indemnification agreements or that might exist with other companies.

We are a holding company with no direct operations and, as such, we will rely on funds received from our Operating Partnership to pay liabilities, and the interests of our stockholders will be structurally subordinated to all liabilities and obligations of our Operating Partnership and its subsidiaries.

We are a holding company and conduct substantially all of our operations through our Operating Partnership. We do not have, apart from an interest in our Operating Partnership, any independent operations. As a result, we rely on cash distributions from our Operating Partnership to pay any dividends we might declare on shares of our common stock. We also rely on distributions from our Operating Partnership to meet any of our obligations, including any tax liability on taxable income allocated to us from our Operating Partnership. In addition, because we are a holding company, your claims as a stockholder will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of our Operating Partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our Operating Partnership and its subsidiaries will be available to satisfy the claims of our stockholders only after all of our and our Operating Partnership's and its subsidiaries' liabilities and obligations have been paid in full.

Our Operating Partnership may issue additional OP Units to third parties without the consent of our stockholders, which would reduce our ownership percentage in our Operating Partnership and could have a dilutive effect on the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders.

As of December 31, 2017, we owned 72.0% of the outstanding OP Units in our Operating Partnership. We regularly have issued OP Units to third parties as consideration for acquisitions, and we may continue to do so in the future. Any such future issuances would reduce our ownership percentage in our Operating Partnership and could affect the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders. Because stockholders do not directly own OP Units, you do not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership.

Risks Related to Our Status as a REIT

Failure to qualify as a REIT, or failure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distribution to our stockholders.

We have elected to be taxed and to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 2013. We have not requested and do not plan to request a ruling from the Internal Revenue Service (the "IRS") that we qualify as a REIT. Therefore, we cannot be assured that we will qualify as a REIT, or that we will remain qualified as such in the future. If we fail to qualify as a REIT or otherwise lose our REIT status in any taxable year, we will face serious tax consequences that would substantially reduce the funds available for distribution to our stockholders for each of the years involved because:

- we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to U.S. federal income tax at regular corporate rates;
- we could be subject to increased state and local taxes; and
- unless we are entitled to relief under certain U.S. federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

In addition, if we fail to qualify as a REIT, we will no longer be required to make distributions. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect the value of our common stock.

Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flows.

Even if we qualify for taxation as a REIT, we may be subject to certain federal, state, and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property, and transfer taxes. In addition, our TRS will be subject to regular corporate federal, state and local taxes. Any of these taxes would decrease cash available for distribution to our stockholders.

Failure to make required distributions would subject us to U.S. federal corporate income tax.

We intend to continue to operate in a manner so as to qualify as a REIT for U.S. federal income tax purposes. In order to qualify as a REIT, we generally are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, each year to our stockholders. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under the Code.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders, and the ownership of our capital stock. In order to meet these tests, we may be required to forego investments we might otherwise make. Thus, compliance with the REIT requirements may hinder our performance.

In particular, we must ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities, and qualified real estate assets. The remainder of our investment in securities (other than government securities, securities of TRSs and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities, securities of TRSs and qualified real estate assets) can consist of the securities of any one issuer, and no more than 20% of the value of our total assets can be represented by the securities of one or more TRSs. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

The prohibited transactions tax may limit our ability to dispose of our properties.

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property other than foreclosure property, held primarily for sale to customers in the ordinary course of business. We may be subject to the prohibited transaction tax equal to 100% of the net gain upon a disposition of real property. Although a safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction is available, we cannot assure you that we can comply with the safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of our properties or may conduct such sales through our TRS, which would be subject to federal and state income taxation.

We may pay taxable dividends in shares of our common stock and cash, in which case stockholders may sell shares of our common stock to pay tax on such dividends, placing downward pressure on the market price of our common stock.

We may distribute taxable dividends that are payable in cash and common stock at the election of each stockholder. The IRS has issued private letter rulings to other REITs treating certain distributions that are paid partly in cash and partly in stock as taxable dividends that would satisfy the REIT annual distribution requirement and qualify for the dividends paid deduction for U.S. federal income tax purposes. Those rulings may be relied upon only by taxpayers to whom they were issued, but we could request a similar ruling from the IRS. In addition, the IRS previously issued a revenue procedure authorizing publicly traded REITs to make elective cash/stock dividends, but that revenue procedure does not apply to our 2013 and future taxable years. Accordingly, it is unclear whether and to what extent we will be able to make taxable dividends payable in cash and common stock.

If we made a taxable dividend payable in cash and common stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, stockholders may be required to pay income tax with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the common stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to certain non-U.S. stockholders, we may be required to withhold U.S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. If we made a taxable dividend payable in cash and our common stock and a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock. We do not currently intend to pay taxable dividends of our common stock and cash, although we may choose to do so in the future.

The ability of our board of directors to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders.

Our ownership of our TRS will be subject to limitations and our transactions with our TRS will cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

Overall, no more than 20% of the value of a REIT's assets may consist of stock or securities of one or more TRS. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. Furthermore, we will monitor the value of our respective investments in our TRS for the purpose of ensuring compliance with TRS ownership limitations and will structure our transactions with our TRS on terms that we believe are arm's length to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the 20% REIT subsidiaries limitation or to avoid application of the 100% excise tax.

You may be restricted from acquiring or transferring certain amounts of our common stock.

The restrictions on ownership and transfer in our charter may inhibit market activity in our capital stock and restrict our business combination opportunities.

In order to qualify as a REIT for each taxable year after 2013, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding stock at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our capital stock under this requirement. Additionally, at least 100 persons must beneficially own our capital stock during at least 335 days of a taxable year for each taxable year after 2013. To help ensure that we meet these tests, our charter restricts the acquisition and ownership of shares of our capital stock.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary to preserve our qualification as a REIT. Unless exempted by our board of directors, our charter prohibits any person from beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. Our board of directors may not grant an exemption from this restriction to any proposed transferee whose ownership in excess of 9.8% of the value of our outstanding shares would result in our failing to qualify as a REIT. This restriction, as well as other restrictions on transferability and ownership will not apply, however, if our board of directors determines that it is no longer in our best interests to continue to qualify as a REIT.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to “qualified dividend income” payable to U.S. stockholders that are taxed at individual rates is 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates on qualified dividend income. Instead, our ordinary dividends generally are taxed at the higher tax rates applicable to ordinary income, the current maximum rate of which is 37%. However, for taxable years prior to 2026, individual stockholders are generally allowed to deduct 20% of the aggregate amount of ordinary dividends distributed by us, subject to certain limitations, which would reduce the maximum marginal effective tax rate for individuals on the receipt of such ordinary dividends to 29.6%.

Recent changes to the U.S. federal income tax laws, including the enactment of certain tax reform measures, could have an adverse impact on the economy, our tenants, and our business and financial results.

On December 22, 2017, President Trump signed the legislation (the “Tax Reform Legislation”) commonly known as the Tax Cuts and Jobs Act into law, which, among other changes:

- Reduces the corporate income tax rate from 35% to 21% (including with respect to our taxable REIT subsidiaries);
- Reduces the rate of U.S. federal withholding tax on distributions made to non-U.S. shareholders by a REIT that are attributable to gains from the sale or exchanges of U.S. real property interests from 35% to 21%;
- Allows an immediate 100% deduction of the cost of certain capital asset investments (generally excluding real estate assets), subject to a phase-down of the deduction percentage over time;
- Changes the recovery periods for certain real property and building improvements (for example, to 15 years for qualified improvement property under the modified accelerated cost recovery system, and to 30 years (previously 40 years) for residential real property, and 20 years (previously 40 years) for qualified improvement property under the alternative depreciation system);
- Restricts the deductibility of interest expense by businesses (generally to 30% of the business' adjusted taxable income) except, among others, real property businesses electing out of such restriction; generally, we expect our business to qualify as such a real property business, but businesses conducted by our taxable REIT subsidiaries may not qualify, and we have not yet determined whether we will make such election;
- Requires the use of the less favorable alternative depreciation system to depreciate real property in the event a real property business elects to avoid the interest deduction restriction above;
- Restricts the benefits of like-kind exchanges that defer capital gains for tax purposes to exchanges of real property;
- Requires accrual method taxpayers to take certain amounts in income no later than the taxable year in which such income is taken into account as revenue in an applicable financial statement prepared under GAAP, which, with respect to certain leases, could accelerate the inclusion of rental income;
- Eliminates the corporate alternative minimum tax;

- Reduces the highest marginal income tax rate for individuals to 37% from 39.6% (excluding, in each case, the 3.8% Medicare tax on net investment income);
- Generally allows a deduction for individuals equal to 20% of certain income from pass-through entities, including ordinary dividends distributed by a REIT (excluding capital gain dividends and qualified dividend income), generally resulting in a maximum federal income tax rate applicable to such dividends of 29.6% compared to 37% (excluding, in each case, the 3.8% Medicare tax on net investment income); and
- Limits certain deductions for individuals, including deductions for state and local income taxes, and eliminates deductions for miscellaneous itemized deductions (including certain investment expenses).

Many of the provisions in the Tax Reform Legislation expire in seven years (at the end of 2025). As a result of the changes to U.S. federal tax laws implemented by the Tax Reform Legislation, our taxable income and the amount of distributions to our stockholders required in order to maintain our REIT status, and our relative tax advantage as a REIT, may significantly change.

The Tax Reform Legislation is a far-reaching and complex revision to the U.S. federal income tax laws with disparate and, in some cases, countervailing impacts on different categories of taxpayers and industries, and will require subsequent rulemaking and interpretation in a number of areas. The long-term impact of the Tax Reform Legislation on the economy, us, our investors, our tenants, the real estate industry, and government revenues cannot be reliably predicted at this early stage of the new law's implementation. Furthermore, the Tax Reform Legislation may negatively impact certain of our tenants' operating results, financial condition, and future business plans. The Tax Reform Legislation may also result in reduced government revenues, and therefore reduced government spending, which may negatively impact tenants that directly or indirectly rely on government funding. There can be no assurance that the Tax Reform Legislation will not negatively impact our operating results, financial conditions, and future business operations. Additionally, the Tax Reform Legislation may be adverse to certain of our stockholders. Prospective investors are urged to consult their tax advisors regarding the effect of the changes to the U.S. federal tax laws on an investment in our shares.

If our Operating Partnership failed to qualify as a partnership for federal income tax purposes, we would cease to qualify as a REIT and suffer other adverse consequences.

We believe that our Operating Partnership will be treated as a partnership for federal income tax purposes. As a partnership, our Operating Partnership will not be subject to federal income tax on its income. Instead, each of its partners, including us, will be allocated, and may be required to pay tax with respect to, its share of our Operating Partnership's income. We cannot assure you, however, that the IRS will not challenge the status of our Operating Partnership or any other subsidiary partnership in which we own an interest as a partnership for federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our Operating Partnership or any such other subsidiary partnership as an entity taxable as a corporation for federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, we would likely cease to qualify as a REIT. Also, the failure of our Operating Partnership or any subsidiary partnerships to qualify as a partnership could cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

To maintain our REIT status, we may be forced to borrow funds during unfavorable market conditions, and the unavailability of such capital on favorable terms at the desired times, or at all, may cause us to curtail our investment activities or dispose of assets at inopportune times or on unfavorable terms, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

To qualify as a REIT, we generally must distribute to our stockholders at least 90% of our REIT taxable income each year, excluding net capital gains, and we will be subject to regular corporate income taxes to the extent that we distribute less than 100% of our REIT taxable income each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income,

95% of our capital gain net income and 100% of our undistributed income from prior years. In order to maintain our REIT status and avoid the payment of income and excise taxes, we may need to borrow funds to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from, among other things, differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required principal or amortization payments. These sources, however, may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of factors, including the market's perception of our growth potential, our current debt levels, the market price of our common stock, and our current and potential future earnings. We cannot assure you that we will have access to such capital on favorable terms at the desired times, or at all, which may cause us to curtail our investment activities or dispose of assets at inopportune times or on unfavorable terms, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Risks Related to Our Common Stock

We may be unable to make distributions at expected levels, which could result in a decrease in the market price of our common stock.

We intend to continue to pay regular quarterly distributions to our stockholders. All distributions will be made at the discretion of our board of directors and will be based upon, among other factors, our historical and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, capital expenditure and other expense obligations, debt covenants, contractual prohibitions or other limitations, applicable law, and such other matters as our board of directors may deem relevant from time to time. If sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital, borrow to provide funds for such distributions, or reduce the amount of such distributions. To the extent we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been. If cash available for distribution generated by our assets is less than our current estimate, or if such cash available for distribution decreases in future periods from expected levels, our inability to make the expected distributions could result in a decrease in the market price of our common stock.

Our ability to make distributions may also be limited by our credit facility. Under the terms of the credit facility, our ability to make distributions during any twelve-month period is limited to the greater of (1) 95% of our adjusted funds from operations (as defined in the credit agreement) or (2) the amount required for us to (a) maintain our REIT status and (b) avoid the payment of federal or state income or excise tax. In addition, if a default or events of default exist or would result from a distribution, we are precluded from making certain distributions other than those required to allow us to maintain our status as a REIT.

As a result of the foregoing, we may not be able to make distributions in the future, and our inability to make distributions, or to make distributions at expected levels, could result in a decrease in the market price of our common stock.

The market price and trading volume of our common stock may be volatile and could decline substantially in the future.

The market price of our common stock may be volatile in the future. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. We cannot assure stockholders that the market price of our common stock will not fluctuate or decline significantly in the future, including as a result of factors unrelated to our operating performance or prospects in 2018 compared to 2017. In particular, the market price of our common stock could be subject to wide fluctuations in response to a number of factors, including, among others, the following:

- actual or anticipated variations in our quarterly operating results or dividends;
- changes in our FFO, Normalized FFO, or earnings estimates;

- publication of research reports about us or the real estate industry;
- increases in market interest rates that lead purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- speculation in the press or investment community;
- the realization of any of the other risk factors presented in this Annual Report on Form 10-K;
- the extent of investor interest in our securities;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- changes in the federal government;
- our underlying asset value;
- investor confidence in the stock and bond markets generally;
- further changes in tax laws;
- future equity issuances;
- failure to meet earnings estimates;
- failure to meet and maintain REIT qualifications;
- changes in our credit ratings;
- general market and economic conditions;
- our issuance of debt or preferred equity securities; and
- our financial condition, results of operations, and prospects.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material and adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, ability to service our debt obligations, and the per share trading price of our common stock.

Increases in market interest rates may have an adverse effect on the trading prices of our common stock as prospective purchasers of our common stock may expect a higher dividend yield and as an increased cost of borrowing may decrease our funds available for distribution.

One of the factors that will influence the trading prices of our common stock will be the dividend yield on the common stock (as a percentage of the price of our common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our common stock to expect a higher dividend yield (with a resulting decline in the trading prices of our common stock) and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decrease.

The number of shares of our common stock available for future issuance or sale could materially and adversely affect the per share trading price of our common stock and our ability to obtain additional capital.

We cannot predict whether future issuances or sales of shares of our common stock or the availability of shares for resale in the open market will decrease the per share trading price of our common stock. The issuance of substantial numbers of shares of our common stock in the public market, the redemption of OP Units for shares of our common stock, or the perception that such issuances might occur could adversely affect the per share trading price of our common stock. As of February 21, 2018, 45,100,351 shares of our common stock were outstanding. In addition, as of February 21, 2018, 17,440,861 OP Units in our Operating Partnership were outstanding (other than OP Units held by us), which were eligible to be tendered for redemption for cash or, at our option, for shares of our common stock on a one-for-one basis. We have an effective resale shelf registration statement pursuant to which we may issue freely tradeable shares of our common stock upon redemption of such OP Units. Accordingly, a substantial number of shares of our common stock could be issued in the future pursuant to such resale shelf registration statement. In addition, we have an effective shelf registration statement covering the possible resale, from time to time, of up to 2,000,000 shares of our common stock that were issued in connection with our acquisition of a retail property in October 2016. The sale of such shares, or the perception that such a sale may occur, could materially and adversely affect the per share trading price of our common stock. In addition, as of February 21, 2018, 1,039,426 shares of our common stock and other equity-based awards were available for future issuance under our 2013 Amended and Restated Equity Incentive Plan (the "Equity Plan").

The issuance of substantial numbers of shares of equity securities, including OP Units, or the perception that such issuances might occur, could materially and adversely affect us, including the per share trading price of shares of our common stock.

The redemption of OP Units for common stock, the vesting of any restricted stock granted to certain directors, executive officers and other employees under our Equity Plan, the issuance of our common stock or OP Units in connection with future property, portfolio or business acquisitions, and other issuances of our common stock could have an adverse effect on the per share trading price of our common stock, and the existence of units, options or shares of our common stock issuable under our Equity Plan or upon redemption of OP Units may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future issuances of shares of our common stock or OP Units may be dilutive to existing stockholders.

Future offerings of debt, which would be senior to our common stock upon liquidation, and preferred equity securities, which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may materially and adversely affect us, including the per share trading price of our common stock.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities (or causing our Operating Partnership to issue debt securities), including medium-term notes, senior or subordinated notes, and classes or series of preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will be entitled to receive our available assets prior to distribution to the holders of our common stock. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences

and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Our preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability pay dividends to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk that our future offerings could reduce the per share trading price of our common stock and dilute their interest in us.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The information set forth under the captions “Our Properties” and “Development Pipeline” in Item 1 of this Annual Report on Form 10-K is incorporated by reference herein.

Item 3. Legal Proceedings.

The nature of our business exposes our properties, us and the Operating Partnership to the risk of claims and litigation in the normal course of business. Other than routine litigation arising out of the ordinary course of business, we are not presently subject to any material litigation nor, to our knowledge, is any material litigation threatened against us.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

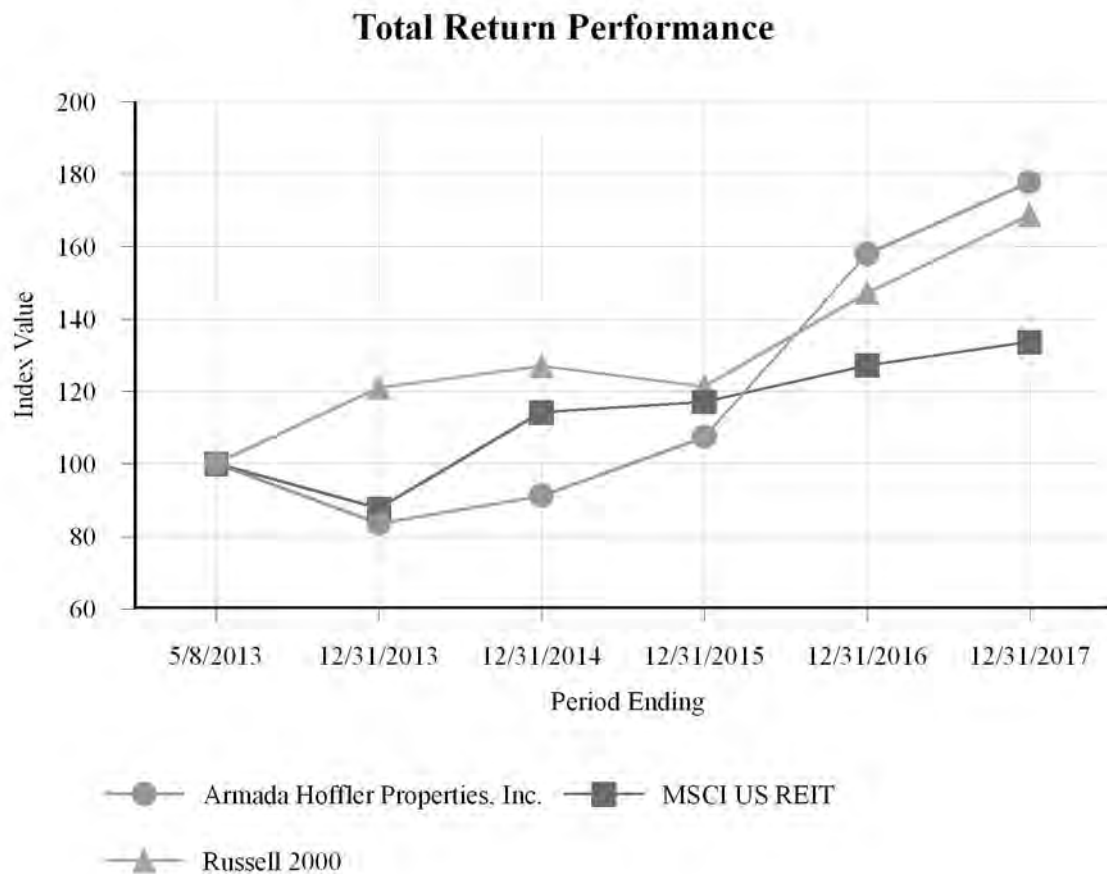
Our common stock trades on the NYSE under the symbol "AHH." Below is a summary of the high and low prices of our common stock for each quarterly period in the years ended December 31, 2017 and 2016 and the cash distributions per share declared by us with respect to each period.

			Distributions
	High	Low	Declared
2017			
January 1, 2017—March 31, 2017	\$ 14.96	\$ 12.92	\$ 0.19
April 1, 2017—June 30, 2017	14.77	12.66	0.19
July 1, 2017—September 30, 2017	14.05	12.67	0.19
October 1, 2017—December 31, 2017	16.01	13.81	0.19
	High	Low	Distributions
	High	Low	Declared
2016			
January 1, 2016—March 31, 2016	\$ 11.50	\$ 9.76	\$ 0.18
April 1, 2016—June 30, 2016	13.84	11.15	0.18
July 1, 2016—September 30, 2016	15.50	12.67	0.18
October 1, 2016—December 31, 2016	14.98	12.52	0.18

On December 31, 2017 and February 21, 2018, the closing price of our common stock as reported on the NYSE was \$15.53 and \$13.18, respectively.

Stock Performance Graph

The following graph sets forth the cumulative total stockholder return (assuming reinvestment of dividends) to our stockholders during the period May 8, 2013, the date our common stock began trading on the NYSE, through December 31, 2017, as well as the corresponding returns on an overall stock market index (Russell 2000 Index) and a peer group index (MSCI US REIT Index). The stock performance graph assumes that \$100 was invested on May 8, 2013. Historical total stockholder return is not necessarily indicative of future results. The information in this paragraph and the following graph shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, other than as provided in Item 201 of Regulation S-K, or to the liabilities of Section 18 of the Exchange Act, except to the extent we specifically request that such information be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act or the Exchange Act.



Index	Period Ending					
	5/8/2013	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Armada Hoffler Properties, Inc.	100.00	83.38	91.11	107.42	157.87	177.63
MSCI US REIT	100.00	87.62	114.24	117.12	127.19	133.64
Russell 2000	100.00	121.01	126.93	121.33	147.18	168.74

Distribution Information

Since our initial quarter as a publicly-traded REIT, we have made regular quarterly distributions to our stockholders. We intend to continue to declare quarterly distributions. However, we cannot provide any assurance as to the amount or timing of future distributions. For a description of restrictions on our ability to make distributions, see “Item 7—Management’s

Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facility,” and Note 8, “Indebtedness” to our accompanying consolidated financial statements.

Any future distributions will be at the sole discretion of our board of directors, and their form, timing and amount, if any, will depend upon a number of factors, including our actual and projected financial condition, liquidity, EBITDA, FFO, Normalized FFO, and results of operations, the revenue we actually receive from our properties, our operating expenses, our debt service requirements, our capital expenditures, prohibitions and other limitations under our financing arrangements, as described above, our REIT taxable income, the annual REIT distribution requirements, applicable law and such other factors as our board of directors deems relevant. To the extent that our cash available for distribution is less than 90% of our REIT taxable income, we may consider various means to cover any such shortfall, including borrowing under our credit facility or other loans, selling certain of our assets or using a portion of the net proceeds we receive from offerings of equity, equity-related or debt securities or declaring taxable share dividends.

To the extent that we make distributions in excess of our earnings and profits, as computed for federal income tax purposes, these distributions will represent a return of capital, rather than a dividend, for federal income tax purposes. Distributions that are treated as a return of capital for federal income tax purposes will reduce the stockholder’s basis in its shares (but not below zero) and therefore can result in the stockholder having a higher gain upon a subsequent sale of such shares. Return of capital distributions in excess of a stockholder’s basis generally will be treated as gain from the sale of such shares for federal income tax purposes.

Stockholder Information

As of February 21, 2018, there were approximately 106 holders of record of our common stock. However, because many shares of our common stock are held by brokers and other institutions on behalf of stockholders, we believe there are substantially more beneficial holders of our common stock than record holders. As of February 21, 2018, there were 90 holders (other than our company) of our OP units. Our OP units are redeemable for cash or, at our election, for shares of our common stock.

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

None.

Item 6. Selected Financial Data.

The following selected historical consolidated and combined financial information should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical consolidated and combined financial statements as of December 31, 2017 and 2016 and for the three years ended December 31, 2017 and the related notes included elsewhere in this Annual Report on Form 10-K.

The selected historical consolidated financial information as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 has been derived from our audited historical financial statements. We completed our initial public offering on May 13, 2013. Due to the timing of our initial public offering, the results of operations, cash flows, FFO, and Normalized FFO for the period prior to May 13, 2013 reflect the operations of our predecessor. Our predecessor was not a legal entity, but rather a combination of certain real estate and construction entities. The historical combined financial data for our predecessor is not necessarily indicative of our results of operations, cash flows or financial position following the completion of the initial public offering.

	Years Ended December 31,				
	2017	2016	2015	2014	2013
	(\$ in thousands, except per share data)				
Operating Data:					
Rental revenues	\$ 108,737	\$ 99,355	\$ 81,172	\$ 64,746	\$ 57,520
General contracting and real estate services revenues	194,034	159,030	171,268	103,321	82,516
Rental expenses	25,422	21,904	19,204	16,667	14,025
Real estate taxes	10,528	9,629	7,782	5,743	5,124
General contracting and real estate services expenses	186,590	153,375	165,344	98,754	78,813
Depreciation and amortization	37,321	35,328	23,153	17,569	14,898
Interest expense	(17,439)	(16,466)	(13,333)	(10,648)	(12,303)
Loss on extinguishment of debt	(50)	(82)	(512)	—	(2,387)
Gain on real estate dispositions and acquisitions	8,087	30,533	18,394	2,211	9,460
Net income	\$ 29,925	\$ 42,755	\$ 31,183	\$ 12,759	\$ 14,453
Net income attributable to stockholders	\$ 21,047	\$ 28,074	\$ 19,642	\$ 7,691	\$ 7,336
Net income per share—basic and diluted	\$ 0.50	\$ 0.85	\$ 0.75	\$ 0.36	\$ 0.39
Cash dividends declared per share	\$ 0.76	\$ 0.72	\$ 0.68	\$ 0.64	\$ 0.40
Balance Sheet Data:					
Real estate investments, at cost	\$ 994,437	\$ 908,287	\$ 633,591	\$ 595,000	\$ 462,976
Accumulated depreciation	(164,521)	(139,553)	(125,380)	(116,099)	(105,228)
Net real estate investments	829,916	768,734	508,211	478,901	357,748
Real estate investments held for sale	—	—	40,232	8,538	—
Cash and cash equivalents	19,959	21,942	26,989	25,883	18,882
Notes receivable	83,058	59,546	7,825	—	—
Construction assets	24,178	39,543	36,623	19,704	13,811
Total assets	\$ 1,043,123	\$ 982,468	689,547	588,022	432,210
Indebtedness, net	517,272	522,180	377,593	356,345	274,673
Construction liabilities	51,036	61,297	54,291	43,452	29,680
Total liabilities	622,840	633,490	463,827	426,116	326,689
Total equity	420,283	348,978	225,720	161,906	105,521
Other Data:					
Funds from operations ⁽¹⁾	\$ 59,651	\$ 47,980	\$ 35,942	\$ 28,117	\$ 19,806
Normalized funds from operations ⁽²⁾	59,332	50,921	38,659	28,594	22,812
Cash provided by operating activities	58,018	59,989	33,266	31,362	22,175
Cash used for investing activities	(102,426)	(226,253)	(57,961)	(105,306)	(47,947)
Cash provided by financing activities	42,131	161,644	24,401	80,945	35,254

(1) For definitions and discussion of FFO and Normalized FFO, see the section below entitled "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations--Non-GAAP Financial Measures." The following table sets forth a reconciliation of our FFO and Normalized FFO to net income, the most directly comparable GAAP equivalent, for the periods presented:

	Years Ended December 31,				
	2017	2016	2015	2014	2013
	(\$ in thousands)				
Net income	\$ 29,925	\$ 42,755	\$ 31,183	\$ 12,759	\$ 14,453
Depreciation and amortization	37,321	35,328	23,153	17,569	14,898
Gain on operating real estate dispositions	(7,595)	(30,103)	(18,394)	(2,211)	(9,460)
Real estate joint ventures, net	—	—	—	—	(85)
Funds from operations	\$ 59,651	\$ 47,980	\$ 35,942	\$ 28,117	\$ 19,806
Acquisition, development and other pursuit costs	648	1,563	1,935	229	—
Impairment charges	110	355	41	15	580
Loss on extinguishment of debt	50	82	512	—	2,387
Change in fair value of interest rate derivatives	(1,127)	941	229	233	12
Normalized funds from operations	\$ 59,332	\$ 50,921	\$ 38,659	\$ 28,594	\$ 22,785

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

References to “we,” “our,” “us,” and “our company” refer to Armada Hoffler Properties, Inc., a Maryland corporation, together with our consolidated subsidiaries, including Armada Hoffler, L.P., a Virginia limited partnership, of which we are the sole general partner and to which we refer in this Annual Report on Form 10-K as our Operating Partnership.

Business Description

We are a full service real estate company with extensive experience developing, building, owning and managing high-quality, institutional-grade office, retail and multifamily properties in attractive markets throughout the Mid-Atlantic and Southeastern United States. As of December 31, 2017, our operating property portfolio was comprised of 38 retail properties (two of which were not yet stabilized), four office properties, and five multifamily properties. In addition to our operating property portfolio, we had one office property, three multifamily properties, and one mixed-use property in various stages of development as of December 31, 2017.

Substantially all of our assets are held by, and all of our operations are conducted through, our Operating Partnership. We are the sole general partner of our Operating Partnership and, as of December 31, 2017, we owned, through a combination of direct and indirect interests, 72.0% of the outstanding OP units in our Operating Partnership.

We elected to be taxed as a REIT for U.S. federal income tax purposes commencing with the taxable year ended December 31, 2013.

Our principal executive office is located at 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462 in the Armada Hoffler Tower at the Virginia Beach Town Center. In addition, we have construction offices located at 249 Central Park Avenue, Suite 300, Virginia Beach, Virginia 23462 and 1300 Thames Street, Suite 30, Baltimore, Maryland 21231. The telephone number for our principal executive office is (757) 366-4000. We maintain a website at www.armadahoffler.com. The information on, or accessible through, our website is not incorporated into and does not constitute a part of this report.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements that have been prepared in accordance with GAAP. The preparation of these financial statements requires us to exercise our best judgment in making estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the

circumstances. We evaluate our estimates on an ongoing basis, based upon current available information. Actual results could differ from these estimates.

We believe the following accounting policies and estimates are the most critical to understanding our reported financial results as their effect on our financial condition and results of operations is material.

Revenue Recognition

Rental Revenues

We lease our properties under operating leases and recognize base rents on a straight-line basis over the lease term. We also recognize revenue from tenant recoveries, through which tenants reimburse us for expenses paid by us such as utilities, janitorial, repairs and maintenance, security and alarm, parking lot and grounds, general and administrative, management fees, insurance, and real estate taxes on an accrual basis. Our rental revenues are reduced by the amount of any leasing incentives on a straight-line basis over the term of the applicable lease. We include a renewal period in the lease term only if it appears at lease inception that the renewal is reasonably assured. We begin recognizing rental revenue when the tenant has the right to take possession of or controls the physical use of the property under lease. We maintain control of the physical use of the property under lease if we serve as the general contractor for the tenant.

Rental revenue is recognized subject to management's evaluation of tenant credit risk. The extended collection period for accrued straight-line rental revenue along with our evaluation of tenant credit risk may result in the non-recognition of all or a portion of straight-line rental revenue until the collection of such revenue is reasonably assured.

General Contracting and Real Estate Services Revenues

We recognize revenue on construction contracts using the percentage-of-completion method. Using this method, we recognize revenue and an estimated profit as construction contract costs are incurred based on the proportion of incurred costs to total estimated costs under the contract. Provisions for estimated losses on uncompleted contracts are recognized immediately in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the period in which they are determined. We include profit incentives in revenues when their realization is probable and the amount can be reasonably estimated. General contracting and real estate services revenue is recognized subject to management's evaluation of customer credit risk.

Operating Property Acquisitions

In connection with operating property acquisitions, we identify and recognize all assets acquired and liabilities assumed at their estimated fair values as of the acquisition date. The purchase price allocations to tangible assets, such as land, site improvements, and buildings and improvements, are presented within income producing property in the consolidated balance sheets and depreciated over their estimated useful lives. Acquired lease intangible assets and liabilities are presented within other assets and liabilities in the consolidated balance sheets and amortized over their respective lease terms. We amortize in-place lease assets as depreciation and amortization expense on a straight-line basis over the remaining term of the related leases. We amortize above-market lease assets as reductions to rental revenues on a straight-line basis over the remaining term of the related leases. We amortize below-market lease liabilities as increases to rental revenues on a straight-line basis over the remaining term of the related leases. We amortize below-market ground lease assets as increases to rental expenses on a straight-line basis over the remaining term of the related leases. Prior to October 1, 2016, we expensed all costs incurred related to operating property acquisitions. On October 1, 2016, we adopted newly issued accounting guidance that allows capitalization of costs related to operating property acquisitions.

We value land based on a market approach, looking to recent sales of similar properties, adjusting for differences due to location, the state of entitlement, and the shape and size of the parcel. Improvements to land are valued using a replacement

cost approach. The approach applies industry standard replacement costs adjusted for geographic specific considerations and reduced by estimated depreciation. The value of buildings acquired is estimated using the replacement cost approach, assuming the buildings were vacant at acquisition. The replacement cost approach considers the composition of the structures acquired, adjusted for an estimate of depreciation. The estimate of depreciation is made considering industry standard information and depreciation curves for the identified asset classes. The value of acquired lease intangible assets and liabilities considers the estimated cost of leasing the properties as if the acquired buildings were vacant, as well as the value of the current leases relative to market-rate leases. The in-place lease value is determined using an estimated total lease-up time and lost rental revenues during such time. The value of current leases relative to market-rate leases is based on market rents obtained for market comparables. Given the significance of unobservable inputs used in the valuation of acquired real estate assets, we classify them as Level 3 inputs in the fair value hierarchy.

We value debt assumed in connection with operating property acquisitions based on a discounted cash flow analysis of the expected cash flows of the debt. Such analysis considers the contractual terms of the debt, including the period to maturity, and uses observable market-based inputs, including interest rate information as of the acquisition date. We also consider credit valuation adjustments for potential nonperformance risk. We classify the inputs used to value debt assumed in connection with operating property acquisitions as Level 2 inputs in the fair value hierarchy as they are predominantly observable and market-based.

Real Estate Project Costs

We capitalize direct and certain indirect costs clearly associated with the development, redevelopment, construction, leasing, or expansion of our real estate assets. Capitalized project costs include direct material, labor, subcontract costs, real estate taxes, insurance, utilities, ground rent, interest on borrowing obligations, and salaries and related personnel costs.

We capitalize direct and indirect project costs associated with the initial construction or redevelopment of a property up to the time the property is substantially complete and ready for its intended use. We believe the completion of the building shell is the proper basis for determining substantial completion of initial construction.

We also capitalize direct and indirect costs, including interest costs, on vacant space during extended lease-up periods after construction of the building shell has been completed if costs are being incurred to prepare the vacant space for its intended use. If costs and activities incurred to prepare the vacant space for its intended use cease, then cost capitalization is also discontinued until such activities are resumed. Once necessary work has been completed on a vacant space, project costs are no longer capitalized. In addition, all leasing commissions paid to third parties for new leases or lease renewals are capitalized.

We depreciate buildings on a straight-line basis over 39 years and tenant improvements over the shorter of their estimated useful lives or the term of the related lease.

Real Estate Impairment

We evaluate our real estate assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such an evaluation is necessary, we compare the carrying amount of any such real estate asset with the undiscounted expected future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. Our estimate of the expected future cash flows attributable to a real estate asset is based upon, among other things, our estimates regarding future market conditions, rental rates, occupancy levels, tenant improvements, leasing commissions, tenant concessions, and assumptions regarding the residual value of our properties. If the carrying amount of a real estate asset exceeds its associated undiscounted expected future cash flows, we recognize an impairment loss to reduce the carrying amount of the real estate asset to its fair value based on marketplace participant assumptions.

Adoption of New or Revised Accounting Standards

As an emerging growth company under the JOBS Act, we can elect to adopt new or revised accounting standards as they are effective for private companies. However, we have elected to opt out of such extended transition period. Therefore, we will adopt new or revised accounting standards as they are effective for public companies. This election is irrevocable.

Segment Results of Operations

As of December 31, 2017, we operated our business in four segments: (i) office real estate, (ii) retail real estate, (iii) multifamily residential real estate and (iv) general contracting and real estate services that are conducted through our taxable REIT subsidiaries (“TRS”). Net operating income (segment revenues minus segment expenses) (“NOI”) is the measure used by management to assess segment performance and allocate our resources among our segments. NOI is not a measure of operating income or cash flows from operating activities as measured by GAAP and is not indicative of cash available to fund cash needs. As a result, NOI should not be considered an alternative to cash flows as a measure of liquidity. Not all companies calculate NOI in the same manner. We consider NOI to be an appropriate supplemental measure to net income because it assists both investors and management in understanding the core operations of our real estate and construction businesses. See Note 3 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K for a reconciliation of NOI to net income, the most directly comparable GAAP measure.

We define same store properties as those that we owned and operated and that were stabilized for the entirety of both periods compared. We generally consider a property to be stabilized upon the earlier of: (i) the quarter after the property reaches 80% occupancy or (ii) the thirteenth quarter after the property receives its certificate of occupancy.

Office Segment Data

	Years Ended December 31,		
	2017	2016	2015
	(\$ in thousands)		
Rental revenues	\$ 19,207	\$ 20,929	\$ 31,534
Property expenses	7,342	7,560	9,888
NOI	\$ 11,865	\$ 13,369	\$ 21,646
Square feet ⁽¹⁾	799,855	847,240	916,316
Occupancy ⁽¹⁾	89.9%	86.8%	95.8%

(1) Stabilized properties as of the end of the periods presented.

Rental revenues for the year ended December 31, 2017 decreased \$1.7 million compared to the year ended December 31, 2016. NOI for the year ended December 31, 2017 decreased \$1.5 million compared to the year ended December 31, 2016. The decreases in rental revenues and NOI resulted from the disposition of four properties, including Richmond Tower and Oyster Point, which occurred in the first quarter and third quarter of 2016, respectively, as well as the Commonwealth of Virginia-Chesapeake and Commonwealth of Virginia-Virginia Beach properties which occurred in the second quarter of 2017.

Rental revenues for the year ended December 31, 2016 decreased \$10.6 million compared to the year ended December 31, 2015. NOI for the year ended December 31, 2016 decreased \$8.3 million compared to the year ended December 31, 2015. The decreases in rental revenues and NOI resulted from the dispositions of Richmond Tower and Oyster Point, which occurred in the first quarter and third quarter of 2016, respectively.

Office Same Store Results

Office same store rental revenues, property expenses and NOI for the comparative years ended December 31, 2017 and 2016 and December 31, 2016 and 2015 were as follows:

	Years Ended			Years Ended		
	December 31,		Change	December 31,		Change
	2017 ⁽¹⁾	2016 ⁽¹⁾		2016 ⁽²⁾	2015 ⁽²⁾	
	(\$ in thousands)					
Rental revenues	\$ 13,615	\$ 14,323	\$ (708)	\$ 15,476	\$ 15,565	\$ (89)
Property expenses	5,435	5,273	162	5,430	5,709	(279)
Same Store NOI	\$ 8,180	\$ 9,050	\$ (870)	\$ 10,046	\$ 9,856	\$ 190
Non-Same Store NOI	3,685	4,319	(634)	3,323	11,790	(8,467)
Segment NOI	\$ 11,865	\$ 13,369	\$ (1,504)	\$ 13,369	\$ 21,646	\$ (8,277)

- (1) Same store excludes 4525 Main Street, the Richmond Tower building, the Oyster Point building, and the Commonwealth of Virginia-Chesapeake and Commonwealth of Virginia-Virginia Beach office buildings.
- (2) Same store excludes 4525 Main Street, the Richmond Tower building, the Oyster Point building, the Oceaneering International building, and the Sentara Williamsburg medical office building.

Same store rental revenues and NOI for the year ended December 31, 2017 decreased compared to the year ended December 31, 2016 due to the expansion and relocation of a tenant from One Columbus to 4525 Main Street during the fourth quarter of 2016 and the expansion and relocation of another tenant from Two Columbus to 4525 Main Street during the third quarter of 2017. For the year ended December 31, 2017, the NOI from these tenants that relocated to 4525 Main Street are included in Non-Same Store NOI. In addition, decreased occupancy at the Armada Hoffer Tower contributed to the period-over-period decrease in office same store NOI.

Same store rental revenues and NOI for the year ended December 31, 2016 decreased slightly compared to the year ended December 31, 2015 because of lower occupancy at One Columbus and Armada Hoffer Tower in the Town Center of Virginia Beach. The decrease in rental revenues was more than offset by decreases in property expenses, specifically utilities, which were lower due to lower usage in 2016.

Retail Segment Data

	Years Ended December 31,		
	2017	2016	2015
	(\$ in thousands)		
Rental revenues	\$ 63,109	\$ 56,511	\$ 32,064
Property expenses	16,409	14,511	8,843
NOI	\$ 46,700	\$ 42,000	\$ 23,221
Square feet ⁽¹⁾	3,498,480	3,592,558	1,643,058
Occupancy ⁽¹⁾	96.5%	95.8%	95.5%

- (1) Stabilized properties as of the end of the periods presented.

Rental revenues for the year ended December 31, 2017 increased \$6.6 million compared to the year ended December 31, 2016. NOI for the year ended December 31, 2017 increased \$4.7 million compared to the year ended December 31, 2016. The increases in rental revenues and NOI resulted primarily from property acquisitions and new real estate

placed into service during 2017 and 2016. During the year ended December 31, 2017, we acquired the outparcel phase of Wendover Village. During the year ended December 31, 2016, we acquired the 11-property retail portfolio, Southgate Square, Southshore Shops, Columbus Village II, and Renaissance Square and placed into service Brooks Crossing and Lightfoot Marketplace.

Rental revenues for the year ended December 31, 2016 increased \$24.4 million compared to the year ended December 31, 2015. NOI for the year ended December 31, 2016 increased \$18.8 million compared to the year ended December 31, 2015. The increases in rental revenues and NOI resulted primarily from property acquisitions and new real estate placed into service. During the year ended December 31, 2016, we acquired the 11-property retail portfolio, Southgate Square, Southshore Shops, Columbus Village II, and Renaissance Square and placed into service Brooks Crossing and Lightfoot Marketplace.

Retail Same Store Results

Retail same store rental revenues, property expenses and NOI for the comparative years ended December 31, 2017 and 2016 and December 31, 2016 and 2015 were as follows:

	Years Ended			Years Ended		
	December 31,			December 31,		
	2017 ⁽¹⁾	2016 ⁽¹⁾	Change	2016 ⁽²⁾	2015 ⁽²⁾	Change
	(\$ in thousands)					
Rental revenues	\$ 37,707	\$ 37,154	\$ 553	\$ 26,316	\$ 25,984	\$ 332
Property expenses	10,757	10,241	516	7,579	7,485	94
Same Store NOI	\$ 26,950	\$ 26,913	\$ 37	\$ 18,737	\$ 18,499	\$ 238
Non-Same Store NOI	19,750	15,087	4,663	23,263	4,722	18,541
Segment NOI	<u>\$ 46,700</u>	<u>\$ 42,000</u>	<u>\$ 4,700</u>	<u>\$ 42,000</u>	<u>\$ 23,221</u>	<u>\$ 18,779</u>

- (1) Same store excludes the 11-property retail portfolio, Southgate Square, Lightfoot Marketplace, Southshore Shops, Brooks Crossing, Columbus Village II, Renaissance Square, and the outparcel phase of Wendover Village.
- (2) Same store excludes the 11-property retail portfolio, Brooks Crossing, Columbus Village, Columbus Village II, Greentree Shopping Center, Lightfoot Marketplace, Providence Plaza, Perry Hall Marketplace, Renaissance Square, Sandbridge Commons, Socastee Commons, Southgate Square, Southshore Shops and Stone House Square.

Same store rental revenues and NOI for the year ended December 31, 2017 increased compared to the year ended December 31, 2016 primarily because of higher occupancy at Sandbridge Commons, Broad Creek, Hanbury Village, North Point, Providence, and 249 Central Park. These increases were partially offset by lower occupancy at Columbus Village and increased administrative expense, maintenance and repair expense, and bad debt expense.

Same store rental revenues and NOI for the year ended December 31, 2016 increased compared to the year ended December 31, 2015 primarily because of higher occupancy at Broad Creek, Hanbury Village, North Point, Parkway Marketplace, and Fountain Plaza. These increases were partially offset by lower occupancy at 249 Central Park.

Multifamily Segment Data

	Years Ended December 31,		
	2017	2016	2015
	(\$ in thousands)		
Rental revenues	\$ 26,421	\$ 21,915	\$ 17,574
Property expenses	12,199	9,462	8,255
NOI	\$ 14,222	\$ 12,453	\$ 9,319
Apartment units	1,266	1,266	1,109
Occupancy	92.9%	94.3%	94.2%

Rental revenues for the year ended December 31, 2017 increased \$4.5 million compared to the year ended December 31, 2016. NOI increased \$1.8 million compared to the year ended December 31, 2016. The increases in rental revenues and NOI resulted primarily from the delivery of Johns Hopkins Village in August 2016.

Rental revenues for the year ended December 31, 2016 increased \$4.3 million compared to the year ended December 31, 2015. NOI increased \$3.1 million compared to the year ended December 31, 2015. The increases in rental revenues and NOI resulted primarily from the delivery of Johns Hopkins Village in August 2016. The increase from Johns Hopkins Village was partially offset by the sale of Whetstone Apartments in May 2015.

Multifamily Same Store Results

Multifamily same store rental revenues, property expenses and NOI for the comparative years ended December 31, 2017 and 2016 and December 31, 2016 and 2015 were as follows:

	Years Ended December 31,			Years Ended December 31,		
	2017 ⁽¹⁾	2016 ⁽¹⁾	Change	2016 ⁽²⁾	2015 ⁽²⁾	Change
	(\$ in thousands)					
Rental revenues	\$ 18,892	\$ 19,194	\$ (302)	\$ 12,221	\$ 12,158	\$ 63
Property expenses	8,876	8,410	466	5,325	5,249	76
Same Store NOI	\$ 10,016	\$ 10,784	\$ (768)	\$ 6,896	\$ 6,909	\$ (13)
Non-Same Store NOI	4,206	1,669	2,537	5,557	2,410	3,147
Segment NOI	\$ 14,222	\$ 12,453	\$ 1,769	\$ 12,453	\$ 9,319	\$ 3,134

(1) Same store excludes Johns Hopkins Village.

(2) Same store excludes Encore Apartments, Johns Hopkins Village, Liberty Apartments and Whetstone Apartments.

Same store rental revenues and NOI for the year ended December 31, 2017 decreased compared to the year ended December 31, 2016 primarily because of lower occupancy at The Cosmopolitan in the Town Center of Virginia Beach attributed to the loss of retail tenants at the property and construction activities at an adjacent property. In addition, NOI decreased due to higher expenses for repairs and maintenance, property taxes, administration, and utilities.

Same store rental revenues for the year ended December 31, 2016 increased compared to the year ended December 31, 2015 because of higher rental rates at Smith's Landing. This increase was partially offset by lower occupancy at The Cosmopolitan in the Town Center of Virginia Beach. Same store NOI decreased slightly due to an increase in real estate taxes at The Cosmopolitan.

General Contracting and Real Estate Services Segment Data

	Years Ended December 31,		
	2017	2016	2015
	(\$ in thousands)		
Segment revenues	\$ 194,034	\$ 159,030	\$ 171,268
Gross profit	\$ 7,444	\$ 5,655	\$ 5,924
Operating margin	3.8%	3.6%	3.5%
Construction backlog	\$ 49,167	\$ 217,718	\$ 83,433

Segment revenues for the year ended December 31, 2017 increased \$35.0 million compared to the year ended December 31, 2016. Gross profit for the year ended December 31, 2017 increased \$1.8 million compared to the year ended December 31, 2016. The increase in segment revenues resulted from work performed on several large projects in the backlog as of December 31, 2016 including Annapolis Junction, Point Street, and City Center.

Segment revenues for the year ended December 31, 2016 decreased \$12.2 million compared to the year ended December 31, 2015. Gross profit for the year ended December 31, 2016 decreased \$0.3 million compared to the year ended December 31, 2015. The decrease in segment revenues resulted from lower volume on our construction contracts driven by the completion of the Exelon construction project in the Inner Harbor of Baltimore. The decrease in segment revenue was slightly offset by higher operating margins.

The changes in construction backlog for each of the three years ended December 31, 2017 were as follows:

	Years Ended December 31,		
	2017	2016	2015
	(\$ in thousands)		
Beginning backlog	\$ 217,718	\$ 83,433	\$ 159,139
New contracts/change orders	25,224	293,115	95,356
Work performed	(193,775)	(158,830)	(171,062)
Ending backlog	\$ 49,167	\$ 217,718	\$ 83,433

During the year ended December 31, 2017, we performed work on several significant projects, including Annapolis Junction, Point Street, and City Center, resulting in work performed of \$50.2 million, \$40.7 million, and \$31.3 million, respectively.

During the year ended December 31, 2016, we executed several new contracts, including Annapolis Junction and the Dinwiddie County administration building, which added \$50.2 million and \$23.0 million, respectively, to the December 31, 2016 backlog.

During the year ended December 31, 2015, we added \$45.9 million to backlog for the construction of a new hotel at the Oceanfront of Virginia Beach, Virginia for a related party development group. Construction was completed in the summer of 2017. As of December 31, 2016 and 2015, we had \$7.8 million and \$40.4 million, respectively, of backlog related to the Oceanfront hotel construction project.

Consolidated Results of Operations

The following table summarizes our results of operations for the years ended December 31, 2017, 2016, and 2015:

	Years Ended December 31,			2017	2016
	2017	2016	2015	Change	Change
	(\$ in thousands)				
Revenues					
Rental revenues	\$ 108,737	\$ 99,355	\$ 81,172	\$ 9,382	\$ 18,183
General contracting and real estate services revenues	194,034	159,030	171,268	35,004	(12,238)
Total revenues	302,771	258,385	252,440	44,386	5,945
Expenses					
Rental expenses	25,422	21,904	19,204	3,518	2,700
Real estate taxes	10,528	9,629	7,782	899	1,847
General contracting and real estate services expenses	186,590	153,375	165,344	33,215	(11,969)
Depreciation and amortization	37,321	35,328	23,153	1,993	12,175
General and administrative expenses	10,435	9,552	8,397	883	1,155
Acquisition, development and other pursuit costs	648	1,563	1,935	(915)	(372)
Impairment charges	110	355	41	(245)	314
Total expenses	271,054	231,706	225,856	39,348	5,850
Operating income	31,717	26,679	26,584	5,038	95
Interest income	7,077	3,228	126	3,849	3,102
Interest expense	(17,439)	(16,466)	(13,333)	(973)	(3,133)
Loss on extinguishment of debt	(50)	(82)	(512)	32	430
Gain on real estate dispositions	8,087	30,533	18,394	(22,446)	12,139
Change in fair value of interest rate derivatives	1,127	(941)	(229)	2,068	(712)
Other income	131	147	119	(16)	28
Income before taxes	30,650	43,098	31,149	(12,448)	11,949
Income tax benefit (provision)	(725)	(343)	34	(382)	(377)
Net income	\$ 29,925	\$ 42,755	\$ 31,183	\$ (12,830)	\$ 11,572

Rental Revenues. Rental revenues by segment for the years ended December 31, 2017, 2016, and 2015 were as follows:

	Years Ended December 31,			2017	2016
	2017	2016	2015	Change	Change
	(\$ in thousands)				
Office	\$ 19,207	\$ 20,929	\$ 31,534	\$ (1,722)	\$ (10,605)
Retail	63,109	56,511	32,064	6,598	24,447
Multifamily	26,421	21,915	17,574	4,506	4,341
	\$ 108,737	\$ 99,355	\$ 81,172	\$ 9,382	\$ 18,183

Rental revenues increased \$9.4 million during the year ended December 31, 2017 compared to the year ended December 31, 2016. The decrease in office rental revenues resulted primarily from the dispositions of Richmond Tower, Oyster Point, Commonwealth of Virginia-Chesapeake, and Commonwealth of Virginia-Virginia Beach properties, which we sold in 2016 and 2017. The increase in retail rental revenues resulted primarily from property acquisitions and new real estate placed into service. During the year ended December 31, 2016, we acquired the 11-property retail portfolio, Southgate Square, Southshore Shops, Columbus Village II and Renaissance Square and placed into service Brooks Crossing and Lightfoot

Marketplace. During the year ended December 31, 2017, we acquired the outparcel phase of Wendover Village. The increase in multifamily rental revenues resulted primarily from the delivery of Johns Hopkins Village in August 2016 as well as increased occupancy at Encore Apartments and Smith's Landing.

Rental revenues increased \$18.2 million during the year ended December 31, 2016 compared to the year ended December 31, 2015. The decrease in office rental revenues resulted primarily from the dispositions of Richmond Tower and Oyster Point, which we sold in the first and third quarters of 2016, respectively. The increase in retail rental revenues resulted primarily from property acquisitions and new real estate placed into service. During the year ended December 31, 2016, we acquired the 11-property retail portfolio, Southgate Square, Southshore Shops, Columbus Village II, and Renaissance Square and placed into service Brooks Crossing and Lightfoot Marketplace. The increases in multifamily rental revenues resulted primarily from the delivery of Johns Hopkins Village in August 2016.

General Contracting and Real Estate Services Revenues. General contracting and real estate services revenues increased \$35.0 million during the year ended December 31, 2017 compared to the year ended December 31, 2016 as a result of several new large projects started subsequent to the first quarter of 2016. General contracting and real estate services revenues decreased \$12.2 million during the year ended December 31, 2016 compared to the year ended December 31, 2015 because of lower volume on our construction contracts due to the completion of the Exelon construction project in 2016.

Rental Expenses. Rental expenses by segment for each of the three years ended December 31, 2017 were as follows:

	Years Ended December 31,			2017	2016
	2017	2016	2015	Change	Change
	(\$ in thousands)				
Office	\$ 5,483	\$ 5,560	\$ 6,938	\$ (77)	\$ (1,378)
Retail	10,233	9,116	5,915	1,117	3,201
Multifamily	9,705	7,228	6,351	2,477	877
	\$ 25,421	\$ 21,904	\$ 19,204	\$ 3,517	\$ 2,700

Rental expenses increased \$3.5 million during the year ended December 31, 2017 compared to the year ended December 31, 2016. Office rental expenses decreased primarily due to the disposition of four office properties in 2016 and 2017. Retail rental expenses increased because of property acquisitions and new real estate placed into service. Multifamily rental expenses increased because of the delivery of Johns Hopkins Village in August 2016 and higher expenses for repairs and maintenance, property taxes, administration, and utilities at the other multifamily properties.

Rental expenses increased \$2.7 million during the year ended December 31, 2016 compared to the year ended December 31, 2015. Office rental expenses decreased primarily due to the disposition of Richmond Tower and Oyster Point. Retail rental expenses increased because of property acquisitions and new real estate placed into service. Multifamily rental expenses increased because of increased leasing at both Encore Apartments and Liberty Apartments and the delivery of Johns Hopkins Village in August 2016.

Real Estate Taxes. Real estate taxes by segment for the years ended December 31, 2017, 2016, and 2015 were as follows:

	Years Ended December 31,			2017	2016
	2017	2016	2015	Change	Change
			(\$ in thousands)		
Office	1,859	2,000	2,950	\$ (141)	\$ (950)
Retail	6,176	5,395	2,928	781	2,467
Multifamily	2,494	2,234	1,904	260	330
	\$ 10,529	\$ 9,629	\$ 7,782	\$ 900	\$ 1,847

Real estate taxes increased \$0.9 million during the year ended December 31, 2017 compared to the year ended December 31, 2016. Office real estate taxes decreased primarily because of the disposition of four office properties in 2016 and 2017. Retail real estate taxes increased because of property acquisitions, new real estate placed into service and reassessments, particularly at Wendover Village and North Hampton. Multifamily real estate taxes increased because of the reassessment of Encore Apartments and The Cosmopolitan and the delivery of the retail portion Johns Hopkins Village in August 2016.

Real estate taxes increased \$1.8 million during the year ended December 31, 2016 compared to the year ended December 31, 2015. Office real estate taxes decreased primarily because of the dispositions of Richmond Tower and Oyster Point. Retail real estate taxes increased because of property acquisitions, new real estate placed into service, and reassessments. Multifamily real estate taxes increased because of the reassessment of Encore Apartments and The Cosmopolitan and the delivery of Johns Hopkins Village in August 2016.

General Contracting and Real Estate Services Expenses. General contracting and real estate services expenses for the year ended December 31, 2017 increased \$33.2 million compared to the year ended December 31, 2016 as a result of several new large projects started subsequent to the first quarter of 2016. General contracting and real estate services expense for the year ended December 31, 2016 decreased \$12.0 million compared to the year ended December 31, 2015 because of lower volume on our construction contracts, primarily due to the completion of the Exelon construction project in 2016.

Depreciation and Amortization. Depreciation and amortization for the year ended December 31, 2017 increased \$2.0 million compared to the year ended December 31, 2016. The increase was attributable to property acquisitions and new real estate placed into service and was partially offset by dispositions in 2016 and 2017. Depreciation and amortization for the year ended December 31, 2016 increased \$12.2 million compared to the year ended December 31, 2015. The increase was attributable to property acquisitions and new real estate placed into service.

General and Administrative Expenses. General and administrative expenses for the years ended December 31, 2017 and 2016 increased \$0.9 million and \$1.2 million, respectively, compared to the respective prior years, because of higher regulatory and compliance costs, costs relating to information systems, as well as higher compensation expense and benefit costs from increased employee headcount.

Acquisition, Development and Other Pursuit Costs. During the year ended December 31, 2017, we recognized \$0.6 million of costs relating primarily to abandoned acquisitions. During the year ended December 31, 2016, we recognized \$1.6 million of costs primarily attributable to our acquisition of an 11-property retail portfolio, Southgate Square, and Southshore Shops. We adopted new accounting guidance on October 1, 2016 which allowed us to capitalize \$0.7 million in costs related to the acquisitions of Renaissance Square and Columbus Village II. During the year ended December 31, 2015, we recognized \$1.9 million of costs primarily attributable to our acquisition of Perry Hall Marketplace, Stone House Square, Socastee Commons, Columbus Village, Providence Plaza and an 11-property retail portfolio.

Impairment Charges. Impairment charges during the years ended December 31, 2017 and 2016 were \$0.1 million and \$0.4 million, respectively, primarily related to tenants that vacated prior to their lease expiration. Impairment charges during the year ended December 31, 2015 were not material.

Interest Income. Interest income for the years ended December 31, 2017 and 2016 totaled \$7.1 million and \$3.2 million, respectively, and was attributable to our mezzanine loans. As of December 31, 2017 and 2016, we had funded \$82.6 million and \$59.5 million, respectively, through our mezzanine loan program.

Interest Expense. Interest expense for the year ended December 31, 2017 increased \$1.0 million compared to the year ended December 31, 2016 primarily because of rising interest rates, which was partially offset by lower average debt balances. Interest expense for the year ended December 31, 2016 increased \$3.1 million compared to the year ended December 31, 2015 because of increased borrowing under our credit facility and additional debt assumed in connection with operating property acquisitions.

Loss on Extinguishment of Debt. During the year ended December 31, 2017, we recognized a \$0.1 million loss on extinguishment of debt as a result of the modification and extension of our credit facility which resulted in the departure of two syndicated lenders from the facility. During the year ended December 31, 2016, we recognized a \$0.1 million loss on extinguishment of debt representing the unamortized debt issuance costs associated with our refinancing of the mortgages secured by 249 Central Park Retail, South Retail, Fountain Plaza, 4525 Main Street, and Encore Apartments. During the year ended December 31, 2015, we recognized a \$0.5 million loss on extinguishment of debt representing the unamortized debt issuance costs associated with our refinancing of the mortgage secured by Smith's Landing as well as our repayment of the Whetstone Apartments and Oceaneering construction loans.

Gain on Real Estate Dispositions. During the year ended December 31, 2017, we recognized gains on real estate dispositions of \$8.1 million, which includes a gain of \$3.4 million on our sale of the Greentree Wawa outparcel, a gain of \$4.2 million on our sale of the Commonwealth of Virginia-Chesapeake and Commonwealth of Virginia-Virginia Beach office buildings, and a gain of \$0.5 million on our sale of the land outparcel at Sandbridge Commons. During the year ended December 31, 2016, we recognized gains on real estate dispositions of \$30.5 million, which consisted of a \$26.2 million gain on the sale of Richmond Tower, a \$3.8 million gain on Oyster Point, and a \$0.4 million gain on the Newport News Economic Development Authority building. During the year ended December 31, 2015, we recognized a \$6.2 million gain on our sale of the Sentara Williamsburg medical office building, a \$7.2 million gain on our sale of Whetstone Apartments, and a \$5.0 million gain on our sale of the Oceaneering building.

Change in Fair Value of Interest Rate Derivatives. During the year ended December 31, 2017 we recognized gains on changes in fair value of interest rate derivatives of \$1.1 million due to increases in forward interest rate curves. During the year ended December 31, 2016, we recognized losses on changes in fair value of interest rate derivatives of \$0.9 million, which was primarily due to the dedesignation of our interest rate swaps during the three months ended March 31, 2016. In 2016, all activity for both interest rate caps and swaps were reclassified out of other income to this line item. Losses recognized during the year ended December 31, 2015 were not material.

Other Income. Other income for the years ended December 31, 2017, 2016, and 2015 was relatively unchanged.

Income Taxes. Our TRS, through which we conduct our development and construction business, is subject to federal, state and local corporate income taxes. The income tax benefit (provision) recognized during the years ended December 31, 2017, 2016, and 2015 is attributable to the (losses) profits of our TRS. As a result of the Tax Reform Legislation, we remeasured deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%. The provisional amounts recorded related to the remeasurement of the deferred tax balance was approximately \$0.2 million of tax expense.

Liquidity and Capital Resources

Overview

We believe our primary short-term liquidity requirements consist of general contractor expenses, operating expenses, and other expenditures associated with our properties, including tenant improvements, leasing commissions and leasing

incentives, dividend payments to our stockholders required to maintain our REIT qualification, debt service, capital expenditures, new real estate development projects, and strategic acquisitions. We expect to meet our short-term liquidity requirements through net cash provided by operations, reserves established from existing cash, borrowings under construction loans to fund new real estate development and construction, and borrowings available under our credit facility.

Our long-term liquidity needs consist primarily of funds necessary for the repayment of debt at or prior to maturity, general contracting expenses, property development and acquisitions, tenant improvements, capital improvements, and other investments. We expect to meet our long-term liquidity requirements with net cash from operations, long-term secured and unsecured indebtedness, and the issuance of equity and debt securities. We also may fund property development and acquisitions and capital improvements using our credit facility pending long-term financing.

As of December 31, 2017, we had unrestricted cash and cash equivalents of \$20.0 million available for both current liquidity needs as well as development activities. As of December 31, 2017, we also had restricted cash in escrow of \$3.0 million, some of which is available for capital expenditures at our operating properties. As of December 31, 2017, we had \$81.9 million available under our credit facility to meet our short-term liquidity requirements.

Credit Facility

On October 26, 2017, we entered into an amended and restated credit agreement (the “amended credit agreement”), which provides for a \$300.0 million credit facility comprised of a \$150.0 million senior unsecured revolving credit facility (the “revolving credit facility”) and a \$150.0 million senior unsecured term loan facility (the “term loan facility” and, together with the revolving credit facility, the “credit facility”), with a syndicate of banks. The amended credit facility replaced our prior \$150.0 million revolving credit facility, which was scheduled to mature on February 20, 2019, and our prior \$125.0 million term loan facility, which was scheduled to mature on February 20, 2021. We intend to use future borrowings under the credit facility for general corporate purposes, including funding acquisitions and development and redevelopment of properties in our portfolio and for working capital.

The credit facility includes an accordion feature that allows the total commitments to be increased to \$450.0 million, subject to certain conditions, including obtaining commitments from any one or more lenders. The revolving credit facility has a scheduled maturity date of October 26, 2021, with two six-month extension options, subject to certain conditions, including payment of a 0.075% extension fee at each extension. The term loan facility has a scheduled maturity date of October 26, 2022.

The revolving credit facility bears interest at LIBOR plus a margin ranging from 1.40% to 2.00% and the term loan facility bears interest at LIBOR plus a margin ranging from 1.35% to 1.95%, in each case depending on our total leverage. We are also obligated to pay an unused commitment fee of 15 or 25 basis points on the unused portions of the commitments under the revolving credit facility, depending on the amount of borrowings under the credit facility. If we attain investment grade credit ratings from S&P and Moody’s, we may elect to have borrowings become subject to interest rates based on our credit ratings.

The Operating Partnership is the borrower under the credit facility, and its obligations under the credit facility are guaranteed by us and certain of its subsidiaries that are not otherwise prohibited from providing such guaranty.

The credit agreement contains customary representations and warranties and financial and other affirmative and negative covenants. Our ability to borrow under the credit facility is subject to our ongoing compliance with a number of financial covenants, affirmative covenants and other restrictions, including the following:

- Total leverage ratio of not more than 60% (or 65% for the two consecutive quarters following any acquisition that is equal to or greater than 10% of our total asset value (as defined in the credit agreement), but only up to two times during the term of the credit facility);
- Ratio of adjusted EBITDA (as defined in the credit agreement) to fixed charges of not less than 1.50 to 1.0;

- Tangible net worth of not less than the sum of 75% of tangible net worth (as defined in the credit agreement) as of September 30, 2017 and 75% of the net equity proceeds received after June 30, 2017;
- Ratio of secured indebtedness to total asset value of not more than 40%;
- Ratio of secured recourse debt to total asset value of not more than 20%;
- Total unsecured leverage ratio of not more than 60% (or 65% for the two consecutive quarters following any acquisition that is equal to or greater than 10% of our total asset value, but only up to two times during the term of the credit facility);
- Unencumbered interest coverage ratio (as defined in the credit agreement) of not less than 1.75 to 1.0;
- Ratio of unencumbered NOI (as defined in the credit agreement) to all unsecured debt of not less than 12%;
- Maintenance of a minimum of at least 15 unencumbered properties (as defined in the credit agreement) with an unencumbered asset value (as defined in the credit agreement) of not less than \$300.0 million at any time; and
- Minimum occupancy rate (as defined in the credit agreement) for all unencumbered properties of not less than 80% at any time.

The credit facility limits our ability to pay cash dividends. However, so long as no default or event of default exists, the credit agreement allows us to pay cash dividends with respect to any 12-month period in an amount not to exceed the greater of: (i) 95% of adjusted funds from operations (as defined in the credit agreement) or (ii) the amount required for us (a) to maintain our status as a REIT and (b) to avoid income or excise tax under the Code. If certain defaults or events of default exist, we may pay cash dividends with respect to any 12-month period to the extent necessary to maintain our status as a REIT. The credit facility also restricts the amount of capital that we can invest in specific categories of assets, such as unimproved land holdings, development properties, notes receivable, mortgages, mezzanine loans and unconsolidated affiliates, and restricts the amount of stock and OP units that we may repurchase during the term of the credit facility.

We may, at any time, voluntarily prepay any loan under the credit facility in whole or in part without premium or penalty.

The credit agreement includes customary events of default, in certain cases subject to customary periods to cure. The occurrence of an event of default, following the applicable cure period, would permit the lenders to, among other things, declare the unpaid principal, accrued and unpaid interest and all other amounts payable under the credit facility to be immediately due and payable.

We are currently in compliance with all covenants under the credit facility.

Consolidated Indebtedness

The following table sets forth our consolidated indebtedness as of December 31, 2017 (\$ in thousands):

		Effective Rate for				
	Amount	Interest	Variable-Rate		Balance at	
Secured Debt	Outstanding	Rate(a)	Debt	Maturity Date	Maturity	
Sandbridge Commons	\$ 8,468	LIBOR + 1.75%	3.31%	January 17, 2018	(b) \$ 8,468	
Columbus Village Note 1	6,080	LIBOR + 2.00%	3.56% (c)	April 5, 2018	6,033	
Columbus Village Note 2	2,218	LIBOR + 2.00%	3.56%	April 5, 2018	2,207	
Johns Hopkins Village	46,698	LIBOR + 1.90%	3.46%	July 30, 2018	46,698	
Lightfoot Marketplace	10,500	LIBOR + 1.75%	3.31%	November 14, 2018	10,500	
North Point Note 1	9,571	6.45%		February 5, 2019	9,333	
Harding Place	3,874	LIBOR + 2.95%	4.51%	February 24, 2020	3,874	
Town Center Phase VI	1,505	LIBOR + 3.50%	5.06%	June 29, 2020	1,505	
Southgate Square	20,708	LIBOR + 2.00%	3.56%	April 29, 2021	18,925	
249 Central Park Retail	16,851	LIBOR + 1.95%	3.51%	August 8, 2021	15,959	
Fountain Plaza Retail	10,145	LIBOR + 1.95%	3.51%	August 8, 2021	9,608	
South Retail	7,394	LIBOR + 1.95%	3.51%	August 8, 2021	7,002	
4525 Main Street	32,034	3.25%		September 10, 2021	30,774	
Encore Apartments	24,966	3.25%		September 10, 2021	24,006	
Hanbury Village	19,503	3.78%		August 15, 2022	17,109	
Socastee Commons	4,771	4.57%		January 6, 2023	4,223	
North Point Note 2	2,459	7.25%		September 15, 2025	1,344	
Smith's Landing	19,764	4.05%		June 1, 2035	—	
Liberty Apartments	14,694	5.66%		November 1, 2043	—	
The Cosmopolitan	45,209	3.35%		July 1, 2051	—	
Total secured debt	\$ 307,412				\$ 217,568	
Unsecured Debt						
Revolving credit facility	66,000	LIBOR+1.40%-2.00%	3.11%	October 26, 2021	66,000	
Term loan	50,000	LIBOR+1.35%-1.95%	3.50% (c)	October 26, 2022	50,000	
Term loan	100,000	LIBOR+1.35%-1.95%	3.06%	October 26, 2022	100,000	
Total unsecured debt	\$ 216,000				\$ 216,000	
Unamortized GAAP adjustments	(6,140)				—	
Indebtedness, net	\$ 517,272				\$ 433,568	

(a) LIBOR is determined by individual lenders.

(b) Subsequent to December 31, 2017, the Sandbridge Commons mortgage was extended for an additional five years.

(c) Subject to an interest rate swap agreement.

We currently are in compliance with all covenants on our outstanding indebtedness.

As of December 31, 2017, our outstanding indebtedness matures during the following years (\$ in thousands):

Year	Amount Due	Percentage of Total
2018	\$ 77,683	15 %
2019	13,284	3 %
2020	10,338	2 %
2021	176,347	34 %
2022	169,808	32 %
Thereafter	75,952	14 %
	\$ 523,412	100 %

Interest Rate Derivatives

On February 20, 2015, we entered into a \$50.0 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$50.0 million interest rate swap has a fixed rate of 2.00%, an effective date of March 1, 2016 and a maturity date of February 20, 2020. We entered into this interest rate swap agreement in connection with the senior unsecured term loan facility with an original balance of \$50.0 million that bears interest at LIBOR plus 1.35% to 1.95%, depending on our total leverage.

On July 13, 2015, we entered into a \$6.5 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$6.5 million interest rate swap has a fixed rate of 3.05%, an effective date of July 13, 2015 and a maturity date of April 5, 2018.

On February 25, 2016, we entered into a LIBOR interest rate cap agreement on a notional amount of \$75.0 million at a strike rate of 1.50% for a premium of less than \$0.1 million. The interest rate cap agreement expires on March 1, 2018.

On June 17, 2016, we entered into a LIBOR interest rate cap agreement on a notional amount of \$70.0 million at a strike rate of 1.00% for a premium of less than \$0.1 million. The interest rate cap agreement expires on June 17, 2018.

On February 7, 2017, we entered into a LIBOR interest rate cap agreement on a notional amount of \$50.0 million at a strike rate of 1.50% for a premium of \$0.2 million. The interest rate cap expires on March 1, 2019.

On June 23, 2017, we entered into a LIBOR interest rate cap agreement on a notional amount of \$50.0 million at a strike rate of 1.50% for a premium of less than \$0.2 million. The interest rate cap agreement expires on July 1, 2019.

On September 18, 2017, we entered into a LIBOR interest rate cap agreement on a notional amount of \$50.0 million at a strike rate of 1.50 % for a premium of less than \$0.2 million. The interest rate cap agreement expires on October 1, 2019.

On November 28, 2017, we entered into a LIBOR interest rate cap agreement on a notional amount of \$50.0 million at a strike rate of 1.50% for a premium of less than \$0.4 million. The interest rate cap agreement expires on December 1, 2019.

As of December 31, 2017, we were party to the following LIBOR interest rate cap agreements (\$ in thousands):

Effective Date	Maturity Date	Strike Rate	Notional Amount
February 25, 2016	March 1, 2018	1.50%	\$ 75,000
June 17, 2016	June 17, 2018	1.00%	70,000
February 7, 2017	March 1, 2019	1.50%	50,000
June 23, 2017	July 1, 2019	1.50%	50,000
September 18, 2017	October 1, 2019	1.50%	50,000
November 28, 2017	December 1, 2019	1.50%	50,000
Total			\$ 345,000

Contractual Obligations

The following table summarizes the future payments for known contractual obligations as of December 31, 2017 (in thousands):

Contractual Obligations	Total	Payments due by period			
		Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Principal payments of long-term indebtedness ⁽¹⁾	\$ 523,412	\$ 77,683	\$ 23,622	\$ 346,155	\$ 75,952
Ground and other operating leases	100,019	2,260	4,249	3,954	89,556
Long-term debt—fixed interest	73,017	8,545	15,510	12,073	36,889
Long-term debt—variable interest ^{(2) (3)}	32,185	8,891	14,920	8,374	—
Tenant-related and other commitments	17,011	16,896	—	—	115
Total ⁽⁴⁾	\$ 745,644	\$ 114,275	\$ 58,301	\$ 370,556	\$ 202,512

- (1) Does not reflect the extension of the Sandbridge Commons mortgage in January 2018 or \$58.0 million in additional borrowings on the revolving line of credit in January 2018.
- (2) For long-term debt that bears interest at variable rates, we estimated future interest payments using the indexed rates as of December 31, 2017. LIBOR as of December 31, 2017 was 156 basis points.
- (3) Assumes the balance outstanding of \$66.0 million and the weighted average interest rate of 3.11% in effect at December 31, 2017 remain in effect until maturity of our secured revolving credit facility. Amounts also include unused credit facility fees assuming the balance outstanding at December 31, 2017 remains outstanding through maturity of our secured revolving credit facility.
- (4) Contractual obligations above do not include funding obligations to non-wholly owned development projects as well as unfunded mezzanine loan commitments due to the uncertainty of the timing and amounts of certain of these obligations. Refer to "Item 1. Business" for information about our development projects and mezzanine loans.

Off-Balance Sheet Arrangements

We have entered into a standby letter of credit for \$2.1 million as a guarantee of the senior construction loan on the Point Street Apartments construction project. Letters of credit generally are available for draw down in the event we do not perform.

Cash Flows

	Years Ended		
	December 31,		
	2017	2016	Change
	(\$ in thousands)		
Operating Activities	\$ 58,018	\$ 59,989	\$ (1,971)
Investing Activities	(102,426)	(226,253)	123,827
Financing Activities	42,131	161,644	(119,513)
Net Increase (Decrease)	\$ (2,277)	\$ (4,620)	\$ 2,343
Cash, Cash Equivalents, and Restricted Cash, Beginning of Period	\$ 25,193	\$ 29,813	
Cash, Cash Equivalents, and Restricted Cash, End of Period	\$ 22,916	\$ 25,193	

Net cash provided by operating activities for the year ended December 31, 2017 decreased \$2.0 million compared to the year ended December 31, 2016 primarily as a result of significant payments made on construction accounts payable during 2017, which was partially offset by increased property net operating income.

Net cash used for investing activities for the year ended December 31, 2017 decreased \$123.8 million compared to the year ended December 31, 2016 primarily due to decreased acquisition and development activity. Cash outflows for acquisitions totaled \$30.0 million for the year ended December 31, 2017 compared to \$195.6 million for the year ended December 31, 2016. During the year ended December 31, 2017, we invested \$45.7 million in new real estate development compared to \$57.4 million during the year ended December 31, 2016.

Net cash provided by financing activities for the year ended December 31, 2017 decreased \$119.5 million compared to the year ended December 31, 2016 primarily as a result of decreased net debt issuances and borrowings, which was partially offset by increased common stock issuances.

	Years Ended		
	December 31,		
	2016	2015	Change
	(\$ in thousands)		
Operating Activities	\$ 59,989	\$ 33,266	\$ 26,723
Investing Activities	(226,253)	(57,961)	(168,292)
Financing Activities	161,644	24,401	137,243
Net Increase (Decrease)	\$ (4,620)	\$ (294)	\$ (4,326)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Period	\$ 29,813	\$ 30,107	
Cash, Cash Equivalents, and Restricted Cash, End of Period	\$ 25,193	\$ 29,813	

Net cash provided by operating activities for the year ended December 31, 2016 increased \$26.7 million compared to the year ended December 31, 2015 primarily as a result of more net cash generated from our operating property portfolio, complimented by higher net cash generated from our construction business.

Net cash used for investing activities for the year ended December 31, 2016 increased \$168.3 million compared to the year ended December 31, 2015 primarily due to increased acquisition and development activity. Cash outflows for acquisitions totaled \$195.6 million for the year ended December 31, 2016 compared to \$68.4 million for the year ended December 31, 2015. During the year ended December 31, 2016, we invested \$57.4 million in new real estate development compared to \$52.7 million during the year ended December 31, 2015.

Net cash provided by financing activities for the year ended December 31, 2016 increased \$137.2 million compared to the year ended December 31, 2015 primarily as a result of increased net debt issuances and borrowings.

Non-GAAP Financial Measures

FFO and Normalized FFO

We calculate FFO in accordance with the standards established by NAREIT. NAREIT defines FFO as net income (loss) (calculated in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, real estate related depreciation and amortization (excluding amortization of deferred financing costs), and after adjustments for unconsolidated partnerships and joint ventures.

FFO is a supplemental non-GAAP financial measure. Management uses FFO as a supplemental performance measure because it believes that FFO is beneficial to investors as a starting point in measuring our operational performance. Specifically, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, which do not relate to or are not indicative of operating performance, FFO provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs.

However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effects and could materially impact our results from operations, the utility of FFO as a measure of our performance is limited. In addition, other equity REITs may not calculate FFO in accordance with the NAREIT definition as we do, and, accordingly, our FFO may not be comparable to such other REITs' FFO. Accordingly, FFO should be considered only as a supplement to net income as a measure of our performance. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or service indebtedness. FFO also should not be used as a supplement to or substitute for cash flow from operating activities computed in accordance with GAAP.

We also believe that the computation of FFO in accordance with NAREIT's definition includes certain items that are not indicative of the results provided by the Company's operating property portfolio and affect the comparability of the Company's year-over-year performance. Accordingly, management believes that Normalized FFO is a more useful performance measure that excludes certain items, including but not limited to, debt extinguishment losses and prepayment penalties, property acquisition, development and other pursuit costs, mark-to-market adjustments for interest rate derivatives, and other non-comparable items.

The following table sets forth a reconciliation of FFO and Normalized FFO for each of the three years ended December 31, 2017 to net income, the most directly comparable GAAP measure:

	Years Ended December 31,		
	2017	2016	2015
	(\$ in thousands)		
Net income	\$ 29,925	\$ 42,755	\$ 31,183
Depreciation and amortization	37,321	35,328	23,153
Gain on operating real estate dispositions	(7,595)	(30,103)	(18,394)
Funds from operations	\$ 59,651	\$ 47,980	\$ 35,942
Acquisition, development and other pursuit costs	648	1,563	1,935
Impairment charges	110	355	41
Loss on extinguishment of debt	50	82	512
Change in fair value of interest rate derivatives	(1,127)	941	229
Normalized funds from operations	\$ 59,332	\$ 50,921	\$ 38,659

The adjustment for gain on operating real estate dispositions for the year ended December 31, 2017 excludes the gain on the land outparcel at Sandbridge Commons because this was a non-operating parcel. Additionally, the adjustment for gain on real estate dispositions for the year ended December 31, 2016 excludes the gain on the Newport News Economic Authority building because this building was sold before being placed in service.

Inflation

Substantially all of our office and retail leases provide for the recovery of increases in real estate taxes and operating expenses. In addition, substantially all of the leases provide for annual rent increases. We believe that inflationary increases may be offset in part by the contractual rent increases and expense escalations previously described. In addition, our multifamily leases generally have lease terms ranging from 7 to 15 months with a majority having 12-month lease terms allowing negotiation of rental rates at term end, which we believe reduces our exposure to the effects of inflation.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The primary market risk to which we are exposed is interest rate risk. Our primary interest rate exposure is daily LIBOR. We primarily use fixed interest rate financing to manage our exposure to fluctuations in interest rates. We also use derivative financial instruments to manage interest rate risk. We do not use these derivatives for trading or other speculative purposes.

As of December 31, 2017 and excluding unamortized GAAP adjustments, approximately \$229.1 million, or 43.8%, of our debt had fixed interest rates and approximately \$294.4 million, or 56.2%, had variable interest rates. Considering interest rate swaps and caps, 100% of our debt is either fixed-rate or economically hedged. As of December 31, 2017, LIBOR was approximately 156 basis points. Assuming no change in the level of our variable-rate debt or derivative instruments, if interest rates were to increase by 100 basis points, our cash flow would increase by approximately \$0.5 million per year due to our interest rate derivatives. Assuming no change in the level of our variable-rate debt or derivative instruments, if LIBOR were reduced to 56 basis points, our cash flow would increase by approximately \$2.4 million per year.

Item 8. Financial Statements and Supplementary Data.

Our consolidated financial statements and supplementary data are included as a separate section of this Annual Report on Form 10-K commencing on page F-1 and are incorporated herein by reference.

Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

The Company's management has evaluated, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as required by paragraph (b) of Rules 13a-15 and 15d-15 under the Exchange Act. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that as of December 31, 2017, the Company's disclosure controls and procedures were effective to ensure that information we are required to disclose in reports filed or submitted with the Securities and Exchange Commission (i) is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) is accumulated and communicated to our management,

including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2017 based on the 2013 framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, the Company's management concluded that our internal control over financial reporting was effective as of December 31, 2017.

Attestation Report of Independent Registered Public Accounting Firm

Not applicable.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

Appointment of Chief Operating Officer

On February 22, 2018, our board of directors appointed Eric L. Smith, our current Chief Investment Officer and Corporate Secretary, to serve as our Chief Operating Officer effectively immediately. Mr. Smith will continue to serve as our Chief Investment Officer and Corporate Secretary. Mr. Smith has served as our Chief Investment Officer since July 2015 and as our Corporate Secretary since our initial public offering. Mr. Smith previously served as our Vice President of Operations from our initial public offering until he was named Chief Investment Officer in July 2015. For additional information regarding Mr. Smith's background and experience, see "Executive Officers-Eric L. Smith" in our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 25, 2017 (the "Proxy Statement").

Effective upon Mr. Smith's appointment as our Chief Operating Officer, the compensation committee of our board of directors approved the designation of Mr. Smith as a Tier II participant under the Executive Severance Benefit Plan (the "Severance Plan") of our Operating Partnership, which was filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed with the SEC on November 12, 2013. For a description of the Severance Plan, see "Compensation of Executive Officers-Severance Benefits" in the Proxy Statement. Other than Mr. Smith's designation as a Tier II participant under the Severance Plan, we did not enter into any new compensation arrangements with Mr. Smith in connection with his appointment as our Chief Operating Officer. There is no family relationship between Mr. Smith and any of our directors or executive officers, and there are no related-party transactions in which Mr. Smith or any of his immediate members has an interest that would require disclosure under Item 404(a) of Regulation S-K, other than as disclosed under "Certain Relationships and Related Party Transactions" in the Proxy Statement.

Adoption of Amended and Restated Bylaws

On February 22, 2018, our board of directors approved Amended and Restated Bylaws (the “Bylaws”) to (i) provide for majority voting in uncontested elections of directors and (ii) permit stockholders to amend the Bylaws, subject to certain conditions, in each case as further described below.

The amended Section 7 of Article II of the Bylaws provides that, in uncontested elections of directors, director nominees will be elected by the vote of a majority of the votes cast with respect to the director, which means that the number of votes cast for a director must exceed the number of votes cast against such director. For contested elections of directors, in which the number of director nominees exceeds the number of directors to be elected, directors will be elected by a plurality of the votes cast. Prior to the adoption of the Bylaws, directors were elected by a plurality of the votes cast, whether or not the election was contested. In connection with the adoption of the Bylaws, our board of directors also approved an amendment to our Corporate Governance Guidelines to include a director resignation policy, as described below under “Amended Corporate Governance Guidelines.”

The amended Article XIV of the Bylaws now permit stockholders to amend the Bylaws by the affirmative vote of the holders of a majority of outstanding shares of our common stock pursuant to a binding proposal submitted to the stockholders for approval at a duly called annual meeting or special meeting of stockholders by a stockholder, or group of no more than six stockholders, owning at least 1% or more of the outstanding shares of our common stock continuously for at least one year. A stockholder proposal submitted under the amended Article XIV of the Bylaws may not alter or repeal (i) Article XII of the Bylaws, which provides for indemnification of our directors and officers, or (ii) Article XIV of the Restated Bylaws, which addresses procedures for amendment of the Bylaws, in each case, without the approval of our board of directors.

The foregoing summary of the Bylaws is qualified in its entirety by reference to the full text of the Bylaws, a copy of which is filed as Exhibit 3.2 to this Annual Report on Form 10-K and is incorporated by reference herein. In addition, a marked copy of the Bylaws indicating the changes made to the Company’s bylaws previously in effect is attached as Exhibit 3.3 to this Annual Report on Form 10-K.

Amended Corporate Governance Guidelines

In connection with the adoption of the Bylaws described above, our board of directors also approved an amendment to our Corporate Governance Guidelines to require incumbent director nominees who fail to receive a majority of the votes cast in an uncontested election of directors to submit an offer to resign from our board of directors. The Nominating and Corporate Governance Committee (the “Governance Committee”) of our board of directors must consider any such offer to resign and make a recommendation to our board of directors on whether to accept or reject the resignation. Taking into account the recommendation of the Governance Committee, our board of directors will determine whether to accept or reject any such resignation within 90 days after the certification of the election results, and we will report such decision in a press release, filing with the SEC or by other public announcement. A copy of our Corporate Governance Guidelines is available under “Governance-Governance Documents” in the Investor Relations section of our website, www.armadahoffler.com. The information on, or accessible through, our website is not incorporated into and does not constitute a part of this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2018 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2018.

Item 11. Executive Compensation.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2018 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2018.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2018 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2018.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2018 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2018.

Item 14. Principal Accountant Fees and Services.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2018 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2018.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

The following is a list of documents filed as a part of this report:

- (1) Financial Statements

Included herein at pages F-1 through F-40.

- (2) Financial Statement Schedules

The following financial statement schedule is included herein at pages F-41 through F-43:

Schedule III—Consolidated Real Estate Investments and Accumulated Depreciation

All other schedules for which provision is made in Regulation S-X are either not required to be included herein under the related instructions, are inapplicable, or the related information is included in the footnotes to the applicable financial statements and, therefore, have been omitted.

- (3) Exhibits

The exhibits required to be filed by Item 601 of Regulation S-K are listed in the Index to Exhibits of this report and incorporated by reference herein.

Item 16. Form 10-K Summary.

None.

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Armada Hoffler Properties, Inc. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3, filed on June 2, 2014)
<u>3.2*</u>	<u>Amended and Restated Bylaws of Armada Hoffler Properties, Inc.</u>
<u>3.3*</u>	<u>Amended and Restated Bylaws of Armada Hoffler Properties, Inc. (marked copy)</u>
4.1	Form of Certificate of Common Stock of Armada Hoffler Properties, Inc. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.1	Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P. (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2013)
10.2†	Armada Hoffler Properties, Inc. Amended and Restated 2013 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8, filed on June 15, 2017)
10.3†	Form of Restricted Stock Award Agreement (Time Vesting) (Incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.4	Indemnification Agreement between Armada Hoffler Properties, Inc. and each of the Directors and Officers listed on Schedule A thereto (Incorporated by Reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed on March 2, 2016)
10.5	Tax Protection Agreement by and among Armada Hoffler Properties, Inc. and the persons listed on the signature page thereto (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2013)
10.6†	Armada Hoffler, L.P. Executive Severance Benefit Plan with the participants listed on Schedule A thereto (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2013)
10.7	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Daniel A. Hoffler, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.8	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and A. Russell Kirk, dated February 12, 2013 (Incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.9	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Louis S. Haddad, dated as of February 11, 2013 (Incorporated by reference a to Exhibit 10.10 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.10	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Anthony P. Nero, dated as of February 12, 2013 (Incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.11	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Eric E. Apperson, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.12	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Michael P. O'Hara, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.13	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and John C. Davis, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.14	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Alan R. Hunt, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.15 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.15	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Shelly R. Hampton, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)

Exhibit Number	Description
10.16	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and William Christopher Harvey, dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.17	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Eric L. Smith, dated as of February 12, 2013 (Incorporated by reference to Exhibit 10.18 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.18	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and John E. Babb, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.19 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.19	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Rickard E. Burnell, dated as of February 12, 2013 (Incorporated by reference to Exhibit 10.20 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.20	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and A/H TWA Associates, L.L.C., dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.21 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.21	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and RMJ Kirk Fortune Bay, L.L.C., dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.22 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.22	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Kirk Gainsborough, L.L.C., dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.23 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.23	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Chris A. Sanders, dated as of January 25, 2013 (Incorporated by reference to Exhibit 10.24 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.24	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Allen O. Keene, dated as of January 21, 2013 (Incorporated by reference to Exhibit 10.25 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.25	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Bruce G. Ford, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.26 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.26	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and DIAN, LLC, dated as of January 28, 2013 (Incorporated by reference to Exhibit 10.27 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.27	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Compson of Richmond, L.C., Thomas Comparato and Lindsey Smith Comparato, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.28 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.28	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Bruce Smith Enterprises, LLC and Bruce B. Smith, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.29 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.29	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Steyn, LLC, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.30 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.30	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and D&F Beach, L.L.C., dated as of February 1, 2013 (Incorporated by reference to Exhibit 10.31 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.31	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and DF Smith's Landing, LLC, dated as of January 31, 2013 (Incorporated by reference to Exhibit 10.32 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)
10.32	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Spratley Family Holdings, L.L.C., dated as of January 22, 2013 (Incorporated by reference to Exhibit 10.33 to the Company's Registration Statement on Form S-11/A, filed on April 12, 2013)

Exhibit Number	Description
10.33	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc., and Columbus One, LLC, DP Columbus Two, LLC, City Center Associates, LLC, TC Block 7 Partners LLC, TC Block 12 Partners LLC, TC Block 3 Partners LLC, TC Block 6 Partners LLC, TC Block 8 Partners LLC, TC Block 11 Partners LLC and TC Apartment Partners, LLC, dated as of February 1, 2013 (Incorporated by reference to Exhibit 10.24 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.34	Contribution Agreement for the Apprentice School Apartment property by and among Armada Hoffler, L.P., Washington Avenue Associates, L.L.C. and Washington Avenue Apartments, L.L.C., and dated as of , 2013 (Incorporated by reference to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.35	Land Option Agreement by and between and Armada Hoffler, L.P. and Courthouse Marketplace Parcel 7, L.L.C., dated as of May 1, 2013 (Incorporated by reference to Exhibit 10.38 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.36	Land Option Agreement by and between and Armada Hoffler, L.P. and Courthouse Marketplace Outparcels, L.L.C., dated as of May, 1 2013 (Incorporated by reference to Exhibit 10.39 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.37	Land Option Agreement by and between and Armada Hoffler, L.P. and Hanbury Village, LLC, dated as of May 1, 2013 (Incorporated by reference to Exhibit 10.40 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.38	Land Option Agreement by and between and Armada Hoffler, L.P. and Lake View AH-VNG, LLC, dated as of May 1, 2013 (Incorporated by to Exhibit 10.41 reference to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.39	Land Option Agreement by and between and Armada Hoffler, L.P. and Oyster Point Hotel Associates, L.L.C., dated as of May 1, 2013 (Incorporated by reference to Exhibit 10.42 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.40	Contribution Agreement by and among Armada Hoffler, L.P., Armada Hoffler Properties, Inc. and Oyster Point Investors, L.P., dated as of February 11, 2013 (Incorporated by reference to Exhibit 10.43 to the Company's Registration Statement on Form S-11/A, filed on April 26, 2013)
10.41†	Form of Restricted Stock Award Agreement for Directors (Incorporated by reference to Exhibit 10.44 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.42	Option Agreement dated May 1, 2013 by and between Armada/Hoffler Properties, L.L.C. and Armada Hoffler, L.P. (Incorporated by reference to Exhibit 10.45 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.43	Option Transfer Agreement by and among Town Center Associates, L.L.C. Armada/Hoffler Properties, L.L.C., City Center Associates, L.L.C. and Armada Hoffler, L.P., dated as of May 10, 2013 (Incorporated by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q, filed on August 14, 2013)
10.44	Amendment No. 1, dated as of March 19, 2014, to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on May 15, 2014)
10.45†	Armada Hoffler Properties, Inc. Short-Term Incentive Program (Incorporated by reference to Exhibit 10.53 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed on March 16, 2015)
10.46	Amendment No. 2, dated as of July 10, 2015, to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 16, 2015)
10.47	Construction Loan Agreement, dated as of July 30, 2015, by and among Hopkins Village, LLC, as Borrower, Bank of America, N.A., and the other financial institutions party thereto (Incorporated by reference to Exhibit 10.1 the Company's Current Report on Form 8-K, filed on August 5, 2015)
10.48	Agreement of Sale and Purchase, dated as of November 2, 2015, by and between AH Richmond Tower I, LLC and Kireland Management, LLC (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on January 13, 2016)
10.49	First Amendment to Agreement of Sale and Purchase, dated as of November 10, 2015, by and between AH Richmond Tower I, LLC and Kireland Management, LLC (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on January 13, 2016)

Exhibit Number	Description
10.50	Purchase and Sale Agreement, dated as of December 3, 2015, by and between DDR-SAU South Square, L.L.C., DDR-SAU Durham Patterson, L.L.C., DDR-SAU Wendover Phase II, L.L.C., DDR-SAU Salisbury Alexander, L.L.C., DDR-SAU Winston-Salem Harper Hill, L.L.C., DDR-SAU Greer North Hampton Market, L.L.C., DDR-SAU Nashville Willowbrook, L.L.C., DDR-SAU South Bend Broadmoor, L.L.C., DDR-SAU Oakland, L.L.C., DDR-SAU Waynesboro, L.L.C., DDR-SAU Pasadena Red Bluff Limited Partnership and AHP Acquisitions, LLC (Incorporated by reference to Exhibit 10.55 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed on March 2, 2016)
10.51	First Amendment to Purchase and Sale Agreement, dated as of December 14, 2015, by and between DDR-SAU South Square, L.L.C., DDR-SAU Durham Patterson, L.L.C., DDR-SAU Wendover Phase II, L.L.C., DDR-SAU Salisbury Alexander, L.L.C., DDR-SAU Winston-Salem Harper Hill, L.L.C., DDR-SAU Greer North Hampton Market, L.L.C., DDR-SAU Nashville Willowbrook, L.L.C., DDR-SAU South Bend Broadmoor, L.L.C., DDR-SAU Oakland, L.L.C., DDR-SAU Waynesboro, L.L.C., DDR-SAU Pasadena Red Bluff Limited Partnership and AHP Acquisitions, LLC (Incorporated by reference to Exhibit 10.56 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed on March 2, 2016)
10.52	Form of Performance Unit Award Agreement (Incorporated by reference to Exhibit 10.57 to the Company's Annual Report on Form 10-K, filed March 1, 2017)
10.53	Amended and Restated Credit Agreement, dated as of October 26, 2017, among Armada Hoffler, L.P. as Borrower, Armada Hoffler Properties, Inc., as Parent, Bank of America, N.A., as Administrative Agent, and the other agents and Lenders party thereto (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed November 1, 2017)
10.54	Amended and Restated Guaranty Agreement, dated as of October 26, 2017, among certain subsidiaries of Armada Hoffler, L.P. named therein for the benefit of the Administrative Agent and the Lenders named in the Amended and Restated Credit Agreement (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed November 1, 2017)
<u>21.1*</u>	<u>List of Subsidiaries of Armada Hoffler Properties, Inc.</u>
<u>23.1*</u>	<u>Consent of Ernst & Young LLP, Independent Public Accounting Firm</u>
<u>31.1*</u>	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>31.2*</u>	<u>Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>32.1**</u>	<u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
<u>32.2**</u>	<u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Presentation Linkbase Document
*	Filed herewith
**	Furnished herewith
†	Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 23, 2018

ARMADA HOFFLER PROPERTIES, INC.

By: /s/ Louis S. Haddad

Louis S. Haddad

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Daniel A. Hoffler</u> Daniel A. Hoffler	Executive Chairman and Director	February 23, 2018
<u>/s/ A. Russell Kirk</u> A. Russell Kirk	Vice Chairman and Director	February 23, 2018
<u>/s/ Louis S. Haddad</u> Louis S. Haddad	President, Chief Executive Officer and Director (principal executive officer)	February 23, 2018
<u>/s/ Michael P. O'Hara</u> Michael P. O'Hara	Chief Financial Officer and Treasurer (principal financial officer and principal accounting officer)	February 23, 2018
<u>/s/ George F. Allen</u> George F. Allen	Director	February 23, 2018
<u>/s/ James A. Carroll</u> James A. Carroll	Director	February 23, 2018
<u>/s/ James C. Cherry</u> James C. Cherry	Director	February 23, 2018
<u>/s/ Eva S. Hardy</u> Eva S. Hardy	Director	February 23, 2018
<u>/s/ John W. Snow</u> John W. Snow	Director	February 23, 2018

Armada Hoffler Properties, Inc.

Form 10-K

For the Fiscal Year Ended December 31, 2017

Item 8, Item 15(a)(1) and (2)

Index to Financial Statements and Schedule

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Armada Hoffler Properties, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Armada Hoffler Properties, Inc. (the Company), as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and the financial statement schedule listed in the Index at Item 15(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2012.

Tysons, Virginia
February 23, 2018

ARMADA HOFFLER PROPERTIES, INC.**Consolidated Balance Sheets****(In thousands, except par value and share data)**

	DECEMBER 31,	
	2017	2016
<u>ASSETS</u>		
Real estate investments:		
Income producing property	\$ 910,686	\$ 894,078
Held for development	680	680
Construction in progress	83,071	13,529
	<u>994,437</u>	<u>908,287</u>
Accumulated depreciation	(164,521)	(139,553)
Net real estate investments	829,916	768,734
Cash and cash equivalents	19,959	21,942
Restricted cash	2,957	3,251
Accounts receivable, net	15,691	15,052
Notes receivable	83,058	59,546
Construction receivables, including retentions	23,933	39,433
Construction contract costs and estimated earnings in excess of billings	245	110
Equity method investments	11,411	10,235
Other assets	55,953	64,165
	<u>\$ 1,043,123</u>	<u>\$ 982,468</u>
Total Assets		
<u>LIABILITIES AND EQUITY</u>		
Indebtedness, net	\$ 517,272	\$ 522,180
Accounts payable and accrued liabilities	15,180	10,804
Construction payables, including retentions	47,445	51,130
Billings in excess of construction contract costs and estimated earnings	3,591	10,167
Other liabilities	39,352	39,209
	<u>622,840</u>	<u>633,490</u>
Total Liabilities		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, none issued and outstanding as of December 31, 2017 and 2016, respectively	—	—
Common stock, \$0.01 par value, 500,000,000 shares authorized, 44,937,763 and 37,490,361 shares issued and outstanding as of December 31, 2017 and 2016, respectively	449	374
Additional paid-in capital	287,407	197,114
Distributions in excess of earnings	(61,166)	(49,345)
	<u>226,690</u>	<u>148,143</u>
Total stockholders' equity	226,690	148,143
Noncontrolling interests	193,593	200,835
	<u>420,283</u>	<u>348,978</u>
Total Equity		
Total Liabilities and Equity	<u>\$ 1,043,123</u>	<u>\$ 982,468</u>

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Consolidated Statements of Comprehensive Income

(In thousands, except per share and unit data)

	YEARS ENDED DECEMBER 31,		
	2017	2016	2015
Revenues			
Rental revenues	\$ 108,737	\$ 99,355	\$ 81,172
General contracting and real estate services revenues	194,034	159,030	171,268
Total revenues	<u>302,771</u>	<u>258,385</u>	<u>252,440</u>
Expenses			
Rental expenses	25,422	21,904	19,204
Real estate taxes	10,528	9,629	7,782
General contracting and real estate services expenses	186,590	153,375	165,344
Depreciation and amortization	37,321	35,328	23,153
General and administrative expenses	10,435	9,552	8,397
Acquisition, development and other pursuit costs	648	1,563	1,935
Impairment charges	110	355	41
Total expenses	<u>271,054</u>	<u>231,706</u>	<u>225,856</u>
Operating income	31,717	26,679	26,584
Interest income	7,077	3,228	126
Interest expense	(17,439)	(16,466)	(13,333)
Loss on extinguishment of debt	(50)	(82)	(512)
Gain on real estate dispositions	8,087	30,533	18,394
Change in fair value of interest rate derivatives	1,127	(941)	(229)
Other income	131	147	119
Income before taxes	30,650	43,098	31,149
Income tax benefit (provision)	(725)	(343)	34
Net income	29,925	42,755	31,183
Net income attributable to noncontrolling interests	(8,878)	(14,681)	(11,541)
Net income attributable to stockholders	<u>\$ 21,047</u>	<u>\$ 28,074</u>	<u>\$ 19,642</u>
Net income per share and unit:			
Basic and diluted	\$ 0.50	\$ 0.85	\$ 0.75
Weighted-average outstanding:			
Common shares	42,423	33,057	26,006
Common units	17,758	17,167	15,377
Basic and diluted	<u>60,181</u>	<u>50,224</u>	<u>41,383</u>
Comprehensive income:			
Net income	\$ 29,925	\$ 42,755	\$ 31,183
Unrealized cash flow hedge losses	—	—	(1,075)
Realized cash flow hedge losses reclassified to net income	—	—	27
Comprehensive income	29,925	42,755	30,135
Comprehensive income attributable to noncontrolling interests	(8,878)	(14,681)	(11,141)
Comprehensive income attributable to stockholders	<u>\$ 21,047</u>	<u>\$ 28,074</u>	<u>\$ 18,994</u>

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Consolidated Statements of Equity

(In thousands, except share data)

	Shares of common stock	Common stock	Additional paid- in capital	Distributions in excess of earnings	Accumulated other comprehensive loss	Total stockholders' equity (deficit)	Noncontrolling interests	Total Equity
Balance, January 1, 2015	25,022,701	\$ 250	\$ 51,472	\$ (54,413)	\$ —	(2,691)	\$ 164,597	\$ 161,906
Net income	—	—	—	19,642	—	19,642	11,541	31,183
Unrealized cash flow hedge losses	—	—	—	—	(665)	(665)	(410)	(1,075)
Realized cash flow hedge losses reclassified to net income	—	—	—	—	17	17	10	27
Net proceeds from sale of common stock	4,560,049	45	45,990	—	—	46,035	—	46,035
Restricted stock awards	78,109	1	992	—	—	993	—	993
Acquisitions of real estate investments	415,500	4	4,429	—	—	4,433	10,736	15,169
Exchange of owners' equity for common units	—	—	23	—	—	23	(264)	(241)
Dividends and distributions declared	—	—	—	(18,239)	—	(18,239)	(10,038)	(28,277)
Balance, December 31, 2015	30,076,359	\$ 300	\$ 102,906	\$ (53,010)	\$ (648)	\$ 49,548	\$ 176,172	\$ 225,720
Net income	—	—	—	28,074	—	28,074	14,681	42,755
Dedesignation of cash flow hedge	—	—	—	—	648	648	400	1,048
Net proceeds from sale of common stock	5,312,855	53	66,969	—	—	67,022	—	67,022
Restricted stock awards	101,147	1	1,161	—	—	1,162	—	1,162
Acquisitions of real estate investments	2,000,000	20	26,080	—	—	26,100	21,178	47,278
Redemption of operating partnership units	—	—	(2)	—	—	(2)	(56)	(58)
Dividends and distributions declared	—	—	—	(24,409)	—	(24,409)	(11,540)	(35,949)
Balance, December 31, 2016	37,490,361	\$ 374	\$ 197,114	\$ (49,345)	\$ —	\$ 148,143	\$ 200,835	\$ 348,978
Net income	—	—	—	21,047	—	21,047	8,878	29,925
Net proceeds from sales of common stock	7,350,690	74	91,307	—	—	91,381	—	91,381
Restricted stock awards	97,173	1	1,442	—	—	1,443	—	1,443
Restricted stock award forfeitures	(461)	—	(2)	—	—	(2)	—	(2)
Acquisitions of noncontrolling interests in real estate investments	—	—	(1,493)	—	—	(1,493)	982	(511)
Redemption of operating partnership units	—	—	(961)	—	—	(961)	(4,194)	(5,155)
Dividends and distributions declared	—	—	—	(32,868)	—	(32,868)	(12,908)	(45,776)
Balance, December 31, 2017	44,937,763	\$ 449	\$ 287,407	\$ (61,166)	\$ —	\$ 226,690	\$ 193,593	\$ 420,283

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.

Consolidated Statements of Cash Flows

(In thousands)

	YEARS ENDED DECEMBER 31,		
	2017	2016	2015
OPERATING ACTIVITIES			
Net income	\$ 29,925	\$ 42,755	\$ 31,183
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of buildings and tenant improvements	25,974	23,453	18,678
Amortization of leasing costs and in-place lease intangibles	11,347	11,875	4,475
Accrued straight-line rental revenue	(1,222)	(1,091)	(1,924)
Amortization of leasing incentives and above or below-market rents	(195)	(85)	738
Accrued straight-line ground rent expense	530	371	290
Bad debt expense	564	203	131
Noncash stock compensation	1,323	1,082	931
Impairment charges	110	355	41
Noncash interest expense	1,274	980	1,006
Noncash loss on extinguishment of debt	50	82	512
Gain on real estate dispositions	(8,087)	(30,533)	(18,394)
Change in the fair value of interest rate derivatives	(1,127)	941	229
Changes in operating assets and liabilities:			
Property assets	(2,415)	(2,964)	(2,283)
Property liabilities	2,504	3,761	2,326
Construction assets	17,573	(6,385)	(17,337)
Construction liabilities	(20,110)	15,189	12,664
Net cash provided by operating activities	58,018	59,989	33,266
INVESTING ACTIVITIES			
Development of real estate investments	(45,730)	(57,425)	(52,719)
Tenant and building improvements	(12,252)	(6,698)	(5,157)
Acquisitions of real estate investments, net of cash received	(30,026)	(195,645)	(68,445)
Dispositions of real estate investments	12,557	96,670	79,566
Notes receivable issuances	(23,290)	(51,721)	(7,825)
Government development grants	—	—	300
Leasing costs	(2,235)	(2,374)	(2,118)
Leasing incentives	(274)	(236)	(1,563)
Contributions to equity method investments	(1,176)	(8,824)	—
Net cash used for investing activities	(102,426)	(226,253)	(57,961)
FINANCING ACTIVITIES			
Proceeds from sales of common stock	96,044	68,475	46,462
Offering costs	(4,663)	(1,453)	(427)
Debt issuances, credit facility and construction loan borrowings	162,585	316,852	214,407
Debt and credit facility repayments, including principal amortization	(160,661)	(186,533)	(206,889)
Debt issuance costs	(2,403)	(1,796)	(1,887)
Redemption of operating partnership units	(5,155)	(58)	(241)
Dividends and distributions	(43,616)	(33,843)	(27,024)
Net cash provided by financing activities	42,131	161,644	24,401
Net decrease in cash, cash equivalents, and restricted cash	(2,277)	(4,620)	(294)
Cash, cash equivalents, and restricted cash, beginning of period	25,193	29,813	30,107
Cash, cash equivalents, and restricted cash, end of period	\$ 22,916	\$ 25,193	\$ 29,813
Supplemental cash flow information:			
Cash paid for interest	\$ (16,318)	\$ (15,326)	\$ (12,993)
Cash refunded (paid) for income taxes	\$ (371)	\$ (121)	\$ 276
Common shares and OP Units issued for acquisitions ⁽¹⁾	\$ 506	\$ 47,278	\$ 15,169
Change in accrued capital improvements and development costs	\$ (10,899)	\$ 8,183	\$ 1,825
Debt principal extinguished in conjunction with real estate sales	\$ 5,594	\$ 6,400	\$ —
Debt principal assumed in conjunction with real estate acquisitions	\$ —	\$ 21,150	\$ 13,824

(1) 2017 issuance consists of OP Units contingently issuable upon the satisfaction of certain conditions relating to the Johns Hopkins Village property

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Notes to Consolidated Financial Statements

1. *Business and Organization*

Armada Hoffer Properties, Inc. (the “Company”) is a full service real estate company with extensive experience developing, building, owning and managing high-quality, institutional-grade office, retail and multifamily properties in attractive markets primarily throughout the Mid-Atlantic and Southeastern United States.

The Company is a real estate investment trust (“REIT”), and is the sole general partner of Armada Hoffer, L.P. (the “Operating Partnership”), and as of December 31, 2017, owned 72.0% of the economic interest in the Operating Partnership, of which 0.1% is held as general partnership units. The operations of the Company are carried on primarily through the Operating Partnership and the wholly owned subsidiaries of the Operating Partnership. Both the Company and the Operating Partnership were formed on October 12, 2012 and commenced operations upon completion of the underwritten initial public offering of shares of the Company’s common stock (the “IPO”) and certain related formation transactions on May 13, 2013.

As of December 31, 2017, the Company's operating portfolio consisted of the following properties:

Property	Segment	Location	Ownership Interest
4525 Main Street	Office	Virginia Beach, Virginia*	100%
Armada Hoffer Tower	Office	Virginia Beach, Virginia*	100%
One Columbus	Office	Virginia Beach, Virginia*	100%
Two Columbus	Office	Virginia Beach, Virginia*	100%
249 Central Park Retail	Retail	Virginia Beach, Virginia*	100%
Alexander Pointe	Retail	Salisbury, North Carolina	100%
Bermuda Crossroads	Retail	Chester, Virginia	100%
Broad Creek Shopping Center	Retail	Norfolk, Virginia	100%
Broadmoor Plaza	Retail	South Bend, Indiana	100%
Brooks Crossing	Retail	Newport News, Virginia	65% (1)
Columbus Village	Retail	Virginia Beach, Virginia*	100%
Columbus Village II	Retail	Virginia Beach, Virginia*	100%
Commerce Street Retail	Retail	Virginia Beach, Virginia*	100%
Courthouse 7-Eleven	Retail	Virginia Beach, Virginia	100%
Dick's at Town Center	Retail	Virginia Beach, Virginia*	100%
Dimmock Square	Retail	Colonial Heights, Virginia	100%
Fountain Plaza Retail	Retail	Virginia Beach, Virginia*	100%
Gainsborough Square	Retail	Chesapeake, Virginia	100%
Greentree Shopping Center	Retail	Chesapeake, Virginia	100%
Hanbury Village	Retail	Chesapeake, Virginia	100%
Harper Hill Commons	Retail	Winston-Salem, North Carolina	100%
Harrisonburg Regal	Retail	Harrisonburg, Virginia	100%
Lightfoot Marketplace	Retail	Williamsburg, Virginia	70% (2)
North Hampton Market	Retail	Taylors, South Carolina	100%
North Point Center	Retail	Durham, North Carolina	100%
Oakland Marketplace	Retail	Oakland, Tennessee	100%
Parkway Marketplace	Retail	Virginia Beach, Virginia	100%
Patterson Place	Retail	Durham, North Carolina	100%
Perry Hall Marketplace	Retail	Perry Hall, Maryland	100%
Providence Plaza	Retail	Charlotte, North Carolina	100%
Renaissance Square	Retail	Davidson, North Carolina	100%
Sandbridge Commons	Retail	Virginia Beach, Virginia	100%
Socastee Commons	Retail	Myrtle Beach, South Carolina	100%
Southgate Square	Retail	Colonial Heights, Virginia	100%
Southshore Shops	Retail	Chesterfield, Virginia	100%
South Retail	Retail	Virginia Beach, Virginia*	100%
South Square	Retail	Durham, North Carolina	100%
Stone House Square	Retail	Hagerstown, Maryland	100%
Studio 56 Retail	Retail	Virginia Beach, Virginia*	100%
Tyre Neck Harris Teeter	Retail	Portsmouth, Virginia	100%
Waynesboro Commons	Retail	Waynesboro, Virginia	100%
Wendover Village	Retail	Greensboro, North Carolina	100%
Encore Apartments	Multifamily	Virginia Beach, Virginia*	100%
Johns Hopkins Village	Multifamily	Baltimore, Maryland	100%
Liberty Apartments	Multifamily	Newport News, Virginia	100%
Smith's Landing	Multifamily	Blacksburg, Virginia	100%
The Cosmopolitan	Multifamily	Virginia Beach, Virginia*	100%

(1) The Company is entitled to a preferred return of 8% on its investment in Brooks Crossing.

(2) The Company is entitled to a preferred return of 9% on its investment in Lightfoot Marketplace.

* Located in the Town Center of Virginia Beach

As of December 31, 2017, the following properties were under development or construction:

Property	Segment	Location	Ownership Interest
Town Center Phase VI	Mixed-use	Virginia Beach, Virginia*	100%
Harding Place	Multifamily	Charlotte, North Carolina	80% (1)
595 King Street	Multifamily	Charleston, South Carolina	92.5%
530 Meeting Street	Multifamily	Charleston, South Carolina	90%
Brooks Crossing	Office	Newport News, Virginia	65% (2)

*Located in the Town Center of Virginia Beach

(1) The Company is entitled to a preferred return of 9% on a portion of its investment in Harding Place.

(2) The Company is entitled to a preferred return of 8% on its investment in Brooks Crossing.

2. **Significant Accounting Policies**

Basis of Presentation

The accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States ("GAAP").

The consolidated financial statements include the financial position and results of operations of the Company, the Operating Partnership, its wholly owned subsidiaries, and any interests in variable interest entities ("VIEs") where the Company has been determined to be the primary beneficiary. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed. Such estimates are based on management's historical experience and best judgment after considering past, current, and expected events and economic conditions. Actual results could differ from management's estimates.

Segments

Segment information is prepared on the same basis that management reviews information for operational decision-making purposes. Management evaluates the performance of each of the Company's properties individually and aggregates such properties into segments based on their economic characteristics and classes of tenants. The Company operates in four business segments: (i) office real estate, (ii) retail real estate, (iii) multifamily residential real estate, and (iv) general contracting and real estate services. The Company's general contracting and real estate services business develops and builds properties for its own account and also provides construction and development services to both related and third parties.

Revenue Recognition

Rental Revenues

The Company leases its properties under operating leases and recognizes base rents when earned on a straight-line basis over the lease term. Rental revenues include \$1.2 million, \$1.1 million and \$1.9 million of straight-line rent adjustments for the years ended December 31, 2017, 2016, and 2015, respectively. The Company begins recognizing rental revenue when the tenant has the right to take possession of or controls the physical use of the property under

lease. The extended collection period for accrued straight-line rental revenue along with the Company's evaluation of tenant credit risk may result in the nonrecognition of all or a portion of straight-line rental revenue until the collection of such revenue is reasonably assured. The Company recognizes contingent rental revenue (e.g., percentage rents based on tenant sales thresholds) when the sales thresholds are met. Contingent rents included in rental revenues were \$0.4 million, \$0.4 million, and \$0.5 million for the years ended December 31, 2017, 2016, and 2015, respectively. The Company recognizes leasing incentives as reductions to rental revenue on a straight-line basis over the lease term. Leasing incentive amortization was \$0.8 million for each of the years ended December 31, 2017, 2016, and 2015. The Company recognizes fair value adjustments recorded at the time of lease assumption in rental income on a straight line basis as a reduction to revenue over the remaining life of the lease or any renewal periods for which the Company determines have value at the time of acquisition. The Company recognizes cost reimbursement revenue for real estate taxes, operating expenses and common area maintenance costs on an accrual basis during the periods in which the expenses are incurred. The Company recognizes lease termination fees either upon termination or amortizes them over any remaining lease term.

General Contracting and Real Estate Services Revenues

The Company recognizes general contracting revenue on construction contracts using the percentage-of-completion method. Under this method, the Company recognizes revenue and an estimated profit as construction contract costs are incurred based on the proportion of incurred costs to total estimated construction contract costs at completion. Construction contract costs include all direct material, labor, and subcontract costs as well as any indirect costs related to contract performance. Provisions for estimated losses on uncompleted contracts are recognized immediately in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the period in which they are determined. Profit incentives are included in revenues when their realization is probable and when they can be reasonably estimated.

The Company recognizes real estate services revenues from property development and management when realized and earned, generally as such services are provided. Multiple contracts with a single counterparty are not combined into a single contract for the revenue recognition purposes.

Real Estate Investments

Income producing property primarily includes land, buildings and tenant improvements and is stated at cost. Real estate investments held for development include land and capitalized development costs. The Company reclassifies real estate investments held for development to construction in progress upon commencement of construction. Construction in progress is stated at cost. Direct and certain indirect costs clearly associated with the development, redevelopment, construction, leasing, or expansion of real estate assets are capitalized as a cost of the property. Repairs and maintenance costs are expensed as incurred.

The Company capitalizes direct and indirect project costs associated with the initial development of a property until the property is substantially complete and ready for its intended use. Capitalized project costs include preacquisition, development, and preconstruction costs including overhead, salaries, and related costs of personnel directly involved, real estate taxes, insurance, utilities, ground rent, and interest. Interest capitalized during the years ended December 31, 2017, 2016, and 2015 was \$1.3 million, \$1.0 million and \$1.0 million, respectively. Overhead, salaries and related personnel costs capitalized during the years ended December 31, 2017, 2016, and 2015 were \$2.4 million, \$1.7 million and \$2.1 million, respectively.

The Company capitalizes preacquisition development costs directly identifiable with specific properties when the acquisition of such properties is probable. Capitalized preacquisition development costs are presented within other assets in the consolidated balance sheets. Capitalized preacquisition development costs as of December 31, 2017 and 2016 were \$1.4 million and \$1.1 million, respectively. Costs attributable to unsuccessful projects are expensed.

The Company recognizes real estate development grants from state and local governments as reductions to the carrying amounts of the related real estate investments when any attached conditions are satisfied and when there is reasonable assurance that the grant will be received.

Income producing property is depreciated on a straight-line basis over the following estimated useful lives:

Buildings	39 years
Capital improvements	15—20 years
Equipment	5—15 years
Tenant improvements	Term of the related lease (or estimated useful life, if shorter)

Operating Property Acquisitions

In connection with operating property acquisitions, the Company identifies and recognizes all assets acquired and liabilities assumed at their estimated fair values or relative fair values subsequent to the adoption of the new accounting guidance discussed below, as of the acquisition date. The purchase price allocations to tangible assets, such as land, site improvements, and buildings and improvements are presented within income producing property in the consolidated balance sheets and depreciated over their estimated useful lives. Acquired lease intangibles are presented within other assets and other liabilities in the consolidated balance sheets and amortized over their respective lease terms. The Company amortizes in-place lease assets as depreciation and amortization expense on a straight-line basis over the remaining term of the related leases. The Company amortizes above-market lease assets as reductions to rental revenues on a straight-line basis over the remaining term of the related leases. The Company amortizes below-market lease liabilities as increases to rental revenues on a straight-line basis over the remaining term of the related leases. The Company amortizes below-market ground lease assets as increases to rental expenses on a straight-line basis over the remaining term of the related leases. Prior to October 1, 2016, the Company expensed all costs incurred related to operating property acquisitions. On October 1, 2016, the Company adopted newly issued accounting guidance that allows capitalization of costs related to operating property acquisitions that do not meet the definition of a business under the new guidance discussed below under "Recent Accounting Pronouncements".

The Company values land based on a market approach, looking to recent sales of similar properties, adjusting for differences due to location, the state of entitlement, as well as the shape and size of the parcel. Improvements to land are valued using a replacement cost approach. The approach applies industry standard replacement costs adjusted for geographic specific considerations and reduced by estimated depreciation. The value of buildings acquired is estimated using the replacement cost approach, assuming the buildings were vacant at acquisition. The replacement cost approach considers the composition of the structures acquired, adjusted for an estimate of depreciation. The estimate of depreciation is made considering industry standard information and depreciation curves for the identified asset classes. The value of acquired lease intangibles considers the estimated cost of leasing the properties as if the acquired buildings were vacant, as well as the value of the current leases relative to market-rate leases. The in-place lease value is determined using an estimated total lease-up time and lost rental revenues during such time. The value of current leases relative to market-rate leases is based on market rents obtained for market comparables. Given the significance of unobservable inputs used in the valuation of acquired real estate assets, the Company classifies them as Level 3 inputs in the fair value hierarchy.

The Company values debt assumed in connection with operating property acquisitions based on a discounted cash flow analysis of the expected cash flows of the debt. Such analysis considers the contractual terms of the debt, including the period to maturity, and uses observable market-based inputs, including interest rate information as of the acquisition date. The Company also considers credit valuation adjustments for potential nonperformance risk. The Company classifies the inputs used to value debt assumed in connection with operating property acquisitions as Level 2 inputs in the fair value hierarchy as they are predominantly observable and market-based.

Real Estate Investments Held for Sale

Real estate assets classified as held for sale are reported at the lower of their carrying value or their fair value, less estimated costs to sell. Once a property is classified as held for sale, it is no longer depreciated. A property is classified as held for sale when: (i) senior management commits to a plan to sell the property, (ii) the property is available for immediate sale in its present condition, subject only to conditions usual and customary for such sales, (iii) an active program to locate a buyer and other actions required to complete the plan to sell have been initiated, (iv) the sale is expected to be completed within one year, (v) the property is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

No properties were held for sale as of December 31, 2017 or 2016.

Impairment of Long Lived Assets

The Company evaluates its real estate assets for impairment on a property by property basis whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such an evaluation is necessary, the Company compares the carrying amount of any such real estate asset with the undiscounted expected future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. If the carrying amount of a real estate asset exceeds the associated estimate of undiscounted expected future cash flows, an impairment loss is recognized to reduce the real estate asset's carrying value to its fair value. Impairment charges recognized during the years ended December 31, 2017, 2016, and 2015 represent unamortized leasing or acquired intangible assets related to vacated tenants.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, investments in money market funds and investments with an original maturity of three months or less.

Restricted Cash

Restricted cash represents amounts held by lenders for real estate taxes, insurance, and reserves for capital improvements. The Company presents changes in cash restricted for real estate taxes and insurance as operating activities in the consolidated statements of cash flows. The Company presents changes in cash restricted for capital improvements as investing activities in the consolidated statements of cash flows.

Accounts Receivable, net

Accounts receivable include amounts from tenants for base rents, contingent rents, and cost reimbursements as well as accrued straight-line rental revenue. As of December 31, 2017 and 2016, accrued straight-line rental revenue presented within accounts receivable in the consolidated balance sheets was \$12.8 million and \$12.3 million, respectively.

The Company's evaluation of the collectability of accounts receivable and the adequacy of the allowance for doubtful accounts is based primarily upon evaluations of individual receivables, current economic conditions, historical experience, and other relevant factors. The Company establishes reserves for tenant receivables outstanding over 90 days. For all such tenants, the Company also reserves any related accrued straight-line rental revenue. Additional reserves are recorded for more current amounts, as applicable, when the Company has determined collectability to be doubtful. As of December 31, 2017 and 2016, the allowance for doubtful accounts was \$0.5 million and \$0.4 million, respectively. The Company presents bad debt expense within rental expenses in the consolidated statements of comprehensive income.

Notes Receivable

Notes receivable represent financing to third parties in the form of mortgage or mezzanine loans for the development of new real estate. Mezzanine loans are secured, in part, by pledges of ownership interests of the entities that own the underlying real estate. The Company evaluates the collectability of both the interest on and principal of each of its notes receivable based primarily upon the financial condition of the individual borrowers. A loan is determined to be impaired when, based upon current information, it is no longer probable that the Company will be able to collect all contractual amounts due from the borrower. The amount of impairment loss recognized is measured as the difference between the carrying amount of the loan and its estimated realizable value.

Leasing Costs

Commissions paid by the Company to third parties to originate a lease are deferred and amortized as depreciation and amortization expense on a straight-line basis over the term of the related lease. Leasing costs are presented within other assets in the consolidated balance sheets.

Leasing Incentives

Incentives paid by the Company to tenants are deferred and amortized as reductions to rental revenues on a straight-line basis over the term of the related lease. Leasing incentives are presented within other assets in the consolidated balance sheets.

Debt Issuance Costs

Financing costs are deferred and amortized as interest expense using the effective interest method over the term of the related debt. Debt issuance costs are presented as a direct deduction from the carrying value of the associated debt liability in the consolidated balance sheets.

Derivative Financial Instruments

The Company may enter into interest rate derivatives to manage exposure to interest rate risks. The Company does not use derivative financial instruments for trading or speculative purposes. The Company recognizes derivative financial instruments at fair value and presents them within other assets and liabilities in the consolidated balance sheets. Gains and losses resulting from changes in the fair value of derivatives that are neither designated nor qualify as hedging instruments are recognized within the change in fair value of interest rate derivatives caption in the consolidated statements of comprehensive income. For derivatives that qualify as cash flow hedges, the effective portion of the gain or loss is reported as a component of other comprehensive income (loss) and reclassified into earnings in the periods during which the hedged forecasted transaction affects earnings.

Stock-Based Compensation

The Company measures the compensation cost of restricted stock awards based on the grant date fair value. The Company recognizes compensation cost for the vesting of restricted stock awards using the accelerated attribution method. Compensation cost associated with the vesting of restricted stock awards is presented within either general and administrative expenses or general contracting and real estate services expenses in the consolidated statements of comprehensive income. Total stock-based compensation expense recognized during the years ended December 31, 2017, 2016, and 2015 was \$1.3 million, \$1.1 million and \$0.9 million, respectively. Stock-based compensation for personnel directly involved in the construction and development of a property is capitalized. During the years ended December 31, 2017, 2016, and 2015, the Company capitalized \$0.4 million, 0.3 million, and \$0.4 million, respectively, of stock-based compensation. The effect of forfeitures of awards is recorded as they occur.

Income Taxes

The Company has elected to be taxed as a REIT for U.S. federal income tax purposes. For continued qualification as a REIT for federal income tax purposes, the Company must meet certain organizational and operational requirements, including a requirement to pay distributions to stockholders of at least 90% of annual taxable income, excluding net capital gains. As a REIT, the Company generally is not subject to income tax on net income distributed as dividends to stockholders. The Company is subject to state and local income taxes in some jurisdictions and, in certain circumstances, may also be subject to federal excise taxes on undistributed income. In addition, certain of the Company's activities must be conducted by subsidiaries that have elected to be treated as a taxable REIT subsidiary ("TRS") subject to both federal and state income taxes. The Operating Partnership conducts its development and construction businesses through the TRS. The related income tax provision or benefit attributable to the profits or losses of the TRS and any taxable income of the Company is reflected in the consolidated financial statements.

The Company uses the liability method of accounting for deferred income tax in accordance with GAAP. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying value of existing assets and liabilities and their respective tax bases. Deferred tax

assets and liabilities are measured using the statutory rates expected to be applied in the periods in which those temporary differences are settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period of the change. A valuation allowance is recorded on the Company's deferred tax assets when it is more likely than not that such assets will not be realized. When evaluating the realizability of the Company's deferred tax assets, all evidence, both positive and negative is evaluated. Items considered in this analysis include the ability to carryback losses, the reversal of temporary differences, tax planning strategies and expectations of future earnings.

Under GAAP, the amount of tax benefit to be recognized is the amount of benefit that is more likely than not to be sustained upon examination. Management analyzes its tax filing positions in the U.S. federal, state and local jurisdictions where it is required to file income tax returns for all open tax years. If, based on this analysis, management determines that uncertainties in tax positions exist, a liability is established. The Company recognizes accrued interest and penalties related to unrecognized tax positions in the provision for income taxes. If recognized, the entire amount of unrecognized tax positions would be recorded as a reduction to the provision for income taxes.

Discontinued Operations

Disposals representing a strategic shift that has or will have a major effect on the Company's operations and financial results are reported as discontinued operations.

Net Income Per Share and Unit

The Company calculates net income per share and unit based upon the weighted average shares and units outstanding. Diluted net income per share and unit is calculated after giving effect to all significant potential dilutive shares outstanding during the period. Potential dilutive shares outstanding during the period include nonvested restricted stock awards. However, there were no significant potential dilutive shares or units outstanding for each of the three years ended December 31, 2017. As a result, basic and diluted outstanding shares and units were the same for all periods presented. See Note 11 for the changes in the Company's nonvested restricted awards during each of the three years ended December 31, 2017.

Emerging Growth Company Status

The Company currently qualifies as an emerging growth company ("EGC") pursuant to the Jumpstart Our Business Startups Act and will lose this qualification on December 31, 2018, which is the last day of the fiscal year after the fifth anniversary of the Company's IPO. An EGC may choose to take advantage of the extended private company transition period provided for complying with new or revised accounting standards that may be issued by the Financial Accounting Standards Board (the "FASB") or the U.S. Securities and Exchange Commission (the "SEC"). The Company has elected to opt out of such extended transition period. This election is irrevocable.

Recent Accounting Pronouncements

On May 28, 2014, the FASB issued a new standard that provides a single, comprehensive model for recognizing revenue from contracts with customers. While the new standard does not supersede the guidance on accounting for leases, it will change the way the Company recognizes revenue from construction and development contracts with third party customers. The Company will adopt this standard on January 1, 2018 using the modified retrospective method, applying this standard to all contracts not yet completed as of that date. In applying the standard to the Company's future construction contracts, certain pre-contract costs incurred by the Company will be deferred and amortized over the period during which construction obligations are fulfilled. Previously, these costs were immediately recorded as general contracting expenses upon commencement of construction, with the corresponding general contracting revenue also recorded. Applying the standard to the Company's uncompleted contracts as of January 1, 2018 will not result in a material adjustment to the Company's financial position as of January 1, 2018. Any required adjustment will be recorded as a cumulative catch-up adjustment to stockholders' equity.

On February 25, 2016, the FASB issued a new lease standard that requires lessees to recognize most leases in their balance sheets as lease liabilities with corresponding right-of-use assets. The new standard also makes targeted changes to lessor accounting. The new standard will be effective for the Company on January 1, 2019 and requires a modified retrospective transition approach for all leases existing at, or entered into after, the beginning of the earliest comparative period presented, with an option to use certain transition relief. Management is currently evaluating the potential impact of the new standard on the Company's consolidated financial statements.

On March 30, 2016, the FASB issued new guidance that changed the accounting for certain aspects of share-based payments to employees. Entities are required to recognize the income tax effects of awards in the income statement when the awards vest or are settled, and the Company is allowed to account for forfeitures as they occur. The Company adopted the guidance on January 1, 2017 and it did not have a material impact on the Company's consolidated financial statements.

In 2016, the FASB issued new guidance that addresses eight classification issues related to the statement of cash flows and requires the presentation of total changes in cash, cash equivalents, restricted cash, and restricted cash equivalents in the statement of cash flows. The Company adopted this new guidance effective December 31, 2017, applying it retrospectively to each period presented. The new guidance requires that the statement of cash flows show changes in restricted cash in addition to changes in cash and cash equivalents. No additional changes were required to be made to the Company's consolidated statements of cash flows. The following table sets forth the items from the Company's Consolidated Balance Sheets that are included in cash, cash equivalents, and restricted cash in the consolidated statements of cash flows:

	As of December 31		
	2017	2016	2015
Cash and cash equivalents	\$ 19,959	\$ 21,942	\$ 26,989
Restricted cash	2,957	3,251	2,824
Cash, cash equivalents, and restricted cash	<u>\$ 22,916</u>	<u>\$ 25,193</u>	<u>\$ 29,813</u>

The following table summarizes the changes made to net cash provided by operating activities and net cash used in investing activities in consolidated statements of cash flows for the years ended December 31, 2016 and 2015 on a retrospective basis (no changes were made to net cash provided by financing activities):

	Years ended December 31,	
	2016	2015
Operating activities as originally presented	\$ 59,770	\$ 33,086
Adjustments	219	180
Operating activities after adjustments	<u>\$ 59,989</u>	<u>\$ 33,266</u>
Investing activities as originally presented	\$ (226,461)	\$ (56,381)
Adjustments	208	(1,580)
Investing activities after adjustments	<u>\$ (226,253)</u>	<u>\$ (57,961)</u>

On January 5, 2017, the FASB issued new guidance that modifies the definition of a business. Under this new guidance, many real estate acquisitions will now be considered asset acquisitions, allowing costs associated with these acquisitions to be capitalized. The Company adopted this guidance on October 1, 2016, resulting in the capitalization of approximately \$0.7 million of acquisition costs related to two acquisitions in the fourth quarter of 2016. If the Company had adopted this guidance on January 1, 2016, approximately \$1.4 million in acquisition costs would have been capitalized.

On February 22, 2017, the FASB issued new guidance that clarifies the scope and application of guidance on sales or transfers of nonfinancial assets and in substance nonfinancial assets to customers, including partial sales. The new guidance applies to all nonfinancial assets, including real estate, and defines an in substance nonfinancial asset. The new guidance is effective for the Company on January 1, 2018. Management does not expect the adoption of the new guidance to have a material effect on the Company's financial position or results of operations.

On August 28, 2017, the FASB issued new guidance that simplifies some of the requirements relating to accounting for derivatives and hedging. The new guidance eliminates the requirement to separately measure and report hedge ineffectiveness for a highly effective hedge and also simplifies certain documentation and assessment requirements relating to the determination of hedge effectiveness. The new guidance will be effective for the Company on January 1, 2019, with early adoption permitted. The Company does not currently have any derivatives designated as hedging instruments for accounting purposes. The application of this guidance to future hedging relationships could reduce or eliminate the gains and losses that would otherwise be recorded for these derivative instruments.

3. *Segments*

Net operating income (segment revenues minus segment expenses) is the measure used by the Company's chief operating decision-maker to assess segment performance. Net operating income is not a measure of operating income or cash flows from operating activities as measured by GAAP and is not indicative of cash available to fund cash needs. As a result, net operating income should not be considered an alternative to cash flows as a measure of liquidity. Not all companies calculate net operating income in the same manner. The Company considers net operating income to be an appropriate supplemental measure to net income because it assists both investors and management in understanding the core operations of the Company's real estate and construction businesses.

Net operating income of the Company's reportable segments for the years ended December 31, 2017, 2016, and 2015 was as follows (in thousands):

	Years Ended December 31,		
	2017	2016	2015
<i>Office real estate</i>			
Rental revenues	\$ 19,207	\$ 20,929	\$ 31,534
Rental expenses	5,483	5,560	6,938
Real estate taxes	1,859	2,000	2,950
Segment net operating income	11,865	13,369	21,646
<i>Retail real estate</i>			
Rental revenues	63,109	56,511	32,064
Rental expenses	10,233	9,116	5,915
Real estate taxes	6,176	5,395	2,928
Segment net operating income	46,700	42,000	23,221
<i>Multifamily residential real estate</i>			
Rental revenues	26,421	21,915	17,574
Rental expenses	9,705	7,228	6,351
Real estate taxes	2,494	2,234	1,904
Segment net operating income	14,222	12,453	9,319
<i>General contracting and real estate services</i>			
Segment revenues	194,034	159,030	171,268
Segment expenses	186,590	153,375	165,344
Segment gross profit	7,444	5,655	5,924
Net operating income	\$ 80,231	\$ 73,477	\$ 60,110

Rental expenses represent costs directly associated with the operation and management of the Company's real estate properties. Rental expenses include asset management fees, property management fees, repairs and maintenance, insurance and utilities.

General contracting and real estate services revenues for the years ended December 31, 2017, 2016, and 2015 exclude revenue related to intercompany construction contracts of \$51.5 million, \$43.3 million and \$43.1 million, respectively, as it is eliminated in consolidation. General contracting and real estate services expenses for the years ended December 31, 2017, 2016, and 2015 exclude expenses related to intercompany construction contracts of \$51.0 million, \$42.7 million and \$42.8 million, respectively, as it is eliminated in consolidation. General contracting and real estate services expenses for the years ended December 31, 2017, 2016, and 2015 include noncash stock compensation expense of \$0.3 million, \$0.2 million, and \$0.2 million, respectively.

The following table reconciles net operating income to net income for the years ended December 31, 2017, 2016, and 2015 (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Net operating income	\$ 80,231	\$ 73,477	\$ 60,110
Depreciation and amortization	(37,321)	(35,328)	(23,153)
General and administrative expenses	(10,435)	(9,552)	(8,397)
Acquisition, development and other pursuit costs	(648)	(1,563)	(1,935)
Impairment charges	(110)	(355)	(41)
Interest income	7,077	3,228	126
Interest expense	(17,439)	(16,466)	(13,333)
Loss on extinguishment of debt	(50)	(82)	(512)
Gain on real estate dispositions	8,087	30,533	18,394
Change in fair value of interest rate derivatives	1,127	(941)	(229)
Other income	131	147	119
Income tax benefit (provision)	(725)	(343)	34
Net income	<u>\$ 29,925</u>	<u>\$ 42,755</u>	<u>\$ 31,183</u>

General and administrative expenses represent costs not directly associated with the operation and management of the Company's real estate properties and general contracting and real estate services businesses. General and administrative expenses include corporate office personnel salaries and benefits, bank fees, accounting fees, legal fees and other corporate office expenses. General and administrative expenses for the years ended December 31, 2017, 2016, and 2015 include noncash stock compensation expense of \$0.9 million, \$0.7 million and \$0.7 million, respectively.

4. *Operating Leases*

The Company's commercial tenant leases generally range from five to 20 years, but certain leases with anchor tenants may be longer. The Company's commercial tenant leases provide for minimum rental payments during each of the next five years and thereafter as follows (in thousands):

2018	\$ 71,439
2019	64,204
2020	54,582
2021	48,018
2022	41,441
Thereafter	184,844
Total	<u>\$ 464,528</u>

Lease terms on multifamily apartment units generally range from seven to 15 months, with a majority having 12-month lease terms. Apartment leases are not included in the preceding table as the remaining terms as of December 31, 2017 are generally less than one year.

5. *Real Estate Investments and Equity Method Investments*

The Company's real estate investments comprised the following as of December 31, 2017 and 2016 (in thousands):

	December 31, 2017			
	Income producing property	Held for development	Construction in progress	Total
Land	\$ 175,885	\$ 680	\$ 21,212	\$ 197,777
Land improvements	44,681	—	—	44,681
Buildings and improvements	690,120	—	—	690,120
Development and construction costs	—	—	61,859	61,859
Real estate investments	<u>\$ 910,686</u>	<u>\$ 680</u>	<u>\$ 83,071</u>	<u>\$ 994,437</u>

	December 31, 2016			
	Income producing property	Held for development	Construction in progress	Total
Land	\$ 171,733	\$ 680	\$ 6,880	\$ 179,293
Land improvements	45,052	—	—	45,052
Buildings and improvements	677,293	—	—	677,293
Development and construction costs	—	—	6,649	6,649
Real estate investments	<u>\$ 894,078</u>	<u>\$ 680</u>	<u>\$ 13,529</u>	<u>\$ 908,287</u>

2017 Operating Property Acquisition

On July 25, 2017, the Company acquired the outparcel phase of Wendover Village in Greensboro, North Carolina for a contract price of \$14.3 million plus capitalized acquisition costs of \$0.1 million. The following table summarizes the purchase price allocation, including acquisition costs, for this property (in thousands):

Land	\$ 5,550
Site improvements	232
Building and improvements	6,977
In-place leases	1,382
Above-market leases	327
Below-market leases	(50)
Net assets acquired	<u>\$ 14,418</u>

Rental revenues and net income from the outparcel phase of Wendover Village for the period from the acquisition date to December 31, 2017 included in the consolidated statement of comprehensive income were \$0.6 million and \$0.2 million, respectively.

2016 Operating Property Acquisitions

On January 14, 2016, the Company completed the acquisition of an 11-property retail portfolio totaling 1.1 million square feet for \$170.5 million.

On April 29, 2016, the Company completed the acquisition of Southgate Square, a 220,000 square foot retail center located in Colonial Heights, Virginia, for aggregate consideration of \$39.5 million, comprised of the assumption of \$21.1 million in debt (which approximated fair value as of the closing date) and 1,575,185 Class A units of limited partnership interest in the Operating Partnership ("Class A Units").

As part of the Southgate Square purchase agreement, the Company acquired an option to purchase an adjacent undeveloped land parcel from the seller. The option for the land parcel is valid for an initial period of two years, and its value would be determined by applying a mutually agreed upon capitalization rate to the base rent of tenants provided by the seller and approved by the Company. If, at the end of the two-year period, no suitable tenants have been found, the Company has the option of either paying \$3.0 million to the seller for the land parcel or extending the period for an additional year. If, at the end of the additional year, no suitable tenants have been found, the Company can either pay \$1.25 million to the seller for the land parcel or let the option expire. Management has evaluated the option and determined that its value is immaterial to the consolidated financial statements.

On August 4, 2016, the Company completed the acquisition of Southshore Shops, a 40,000 square foot retail center located in Midlothian, Virginia, for aggregate consideration of \$9.3 million, comprised of \$6.7 million in cash and 189,160 Class A Units.

On October 13, 2016, the Company completed the acquisition of Columbus Village II, a 92,000 square foot retail and entertainment center located in Virginia Beach, Virginia for aggregate consideration of 2,000,000 shares of the Company's common stock, which based on the closing stock price on the date of the acquisition, led to an acquisition price of \$26.2 million, excluding capitalized acquisition costs.

On November 17, 2016, the Company completed the acquisition of Renaissance Square, a 80,000 square foot retail center located in Davidson, North Carolina, for \$17.1 million, excluding capitalized acquisition costs.

The following table summarizes the purchase price allocation (including acquisition costs for Columbus Village II and Renaissance Square) of the assets acquired and liabilities assumed during the year ended December 31, 2016 (in thousands):

	<u>Retail Portfolio</u>	<u>Southgate Square</u>	<u>Southshore Shops</u>	<u>Columbus Village II</u>	<u>Renaissance Square</u>	<u>Total</u>
Land	\$ 66,260	\$ 8,890	\$ 1,770	\$ 14,536	\$ 6,730	\$ 98,186
Site improvements	3,870	2,140	490	939	303	7,742
Building and improvements	88,820	23,810	6,019	9,983	8,137	136,769
In-place leases	20,630	5,990	1,140	2,225	2,008	31,993
Above-market leases	1,960	100	120	—	70	2,250
Below-market leases	(11,040)	(1,400)	(190)	(939)	(10)	(13,579)
Net assets acquired	<u>\$ 170,500</u>	<u>\$ 39,530</u>	<u>\$ 9,349</u>	<u>\$ 26,744</u>	<u>\$ 17,238</u>	<u>\$ 263,361</u>

Rental revenues and net income from the 2016 acquired properties for the period from the respective acquisition dates to December 31, 2016 included in the consolidated statement of comprehensive income was \$18.7 million and \$2.9 million, respectively.

2015 Operating Property Acquisitions

On April 8, 2015, the Company completed the acquisitions of Stone House Square in Hagerstown, Maryland and Perry Hall Marketplace in Perry Hall, Maryland. In exchange for both properties, the Company paid \$35.4 million of cash and issued 415,500 shares of common stock. The acquisition date fair value of the total consideration transferred in exchange for Stone House Square and Perry Hall Marketplace was \$39.8 million.

On July 1, 2015, the Company completed the acquisition of Socastee Commons, a 57,000 square foot retail center in Myrtle Beach, South Carolina. The total consideration for Socastee Commons was \$8.7 million, which was comprised of \$3.7 million of cash and the assumption of debt with an outstanding principal balance of \$5.0 million. The fair value adjustment to the assumed debt of Socastee Commons was a \$0.1 million premium.

On July 10, 2015, the Company acquired Columbus Village, a 65,000 square foot retail center in Virginia Beach, Virginia. In exchange for Columbus Village, the Company assumed debt with an aggregate outstanding principal balance and fair value of \$8.8 million, issued 1,000,000 Class B units of limited partnership interest in the Operating Partnership (“Class B Units”) and agreed to issue 275,000 Class C units of limited partnership interest in the Operating Partnership (“Class C Units”) on January 10, 2017. The Class B Units were automatically converted to Class A Units on July 10, 2017. The Class C Units were converted to Class A Units on January 10, 2018. The acquisition date fair value of the total consideration transferred in exchange for Columbus Village was \$19.2 million.

On September 1, 2015, the Company acquired Providence Plaza in Charlotte, North Carolina for \$26.2 million of cash. Providence Plaza is a mixed-use property comprised of three buildings totaling 103,000 square feet, a two-level parking garage and approximately one acre of land zoned for multifamily development.

The following table summarizes the acquisition date fair values of the assets acquired and liabilities assumed during the year ended December 31, 2015 (in thousands):

Land	\$	29,500
Site improvements		3,290
Building and improvements		49,260
In-place leases		14,160
Above-market leases		2,260
Below-market leases		(4,420)
Indebtedness		(13,935)
Net assets acquired	\$	<u>80,115</u>

Rental revenues and net income from the 2015 acquired properties for the period from the respective acquisition dates to December 31, 2015 included in the consolidated statement of comprehensive income was \$4.8 million and \$0.8 million, respectively.

Pro Forma Financial Information (Unaudited)

The following table summarizes the consolidated results of operations of the Company on a pro forma basis, as if the 2017 acquisition had been acquired on January 1, 2016, each of the 2016 acquisitions had been acquired on January 1, 2015, and each of the 2015 acquisitions had been acquired on January 1, 2014 (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Rental revenues	\$ 109,472	\$ 102,579	\$ 105,479
Net income	30,354	14,060	18,492

The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if these acquisitions had taken place on January 1, 2016, 2015, and 2014. The pro forma financial information includes adjustments to rental revenue and rental expenses for above and below-

market leases, adjustments to depreciation and amortization expense for acquired property and in-place lease assets and adjustments to interest expense for fair value adjustments to assumed debt.

Subsequent to December 31, 2017

On January 9, 2018, the Company acquired Indian Lakes Crossing, a Harris Teeter-anchored shopping center in Virginia Beach, Virginia, for a contract price of \$14.7 million plus capitalized acquisition costs of \$0.2 million.

On January 29, 2018, the Company acquired Parkway Centre, a newly developed Publix-anchored shopping center in Moultrie, Georgia, for total consideration of \$11.3 million (\$9.6 million in cash and \$1.7 million in the form of Class A Units) plus estimated capitalized acquisition costs of \$0.3 million.

On November 30, 2017, the Company entered into a lease agreement with Bottling Group, LLC for a new distribution facility that the Company will develop and construct for expected delivery in 2018. On January 29, 2018, the Company acquired undeveloped land in Chesterfield, Virginia, a portion of which will serve as the site for this facility, for a contract price of \$2.4 million plus capitalized acquisition costs of \$0.1 million.

On February 16, 2018, through a consolidated joint venture, the Company acquired undeveloped land in Mount Pleasant, South Carolina for a contract price of \$2.9 million plus capitalized acquisition costs of \$0.1 million. The Company plans to use the land for the development of an estimated \$23.0 million Lowes Foods-anchored shopping center.

Other 2017 Real Estate Transactions

On January 4, 2017, the Company acquired undeveloped land in Charleston, South Carolina for a contract price of \$7.1 million plus capitalized acquisition costs of \$0.2 million. The Company is using the land for the development of the 595 King Street property.

On January 20, 2017, the Company completed the sale of the Wawa outparcel at Greentree Shopping Center. Net proceeds after transaction costs were \$4.4 million. The gain on the disposition was \$3.4 million.

On July 11, 2017, the Company acquired undeveloped land in Charleston, South Carolina for a contract price of \$7.2 million plus capitalized acquisition costs of \$0.1 million. The Company is using the land for the development of the 530 Meeting Street property.

On July 13, 2017, the Company completed the sale of two office properties leased by the Commonwealth of Virginia in Chesapeake, Virginia and Virginia Beach, Virginia. Aggregate net proceeds from the dispositions of the properties after transaction costs and repayment of the loan associated with the Chesapeake, Virginia property were \$7.9 million, and the aggregate gain on the dispositions was \$4.2 million.

On August 10, 2017, the Company completed the sale of a land outparcel at Sandbridge Commons. Net proceeds after transaction costs and a partial loan paydown were \$0.3 million. The gain on the disposition was \$0.5 million.

Other 2016 Real Estate Transactions

On January 7, 2016, the Company completed the sale of a building constructed for the Economic Development Authority of Newport News, Virginia. Net proceeds after transaction costs were \$6.6 million. The gain on the disposition was \$0.4 million.

On January 8, 2016, the Company completed the sale of the Richmond Tower office building for \$78.0 million. Net proceeds after transaction costs were \$77.0 million. The gain on the disposition of Richmond Tower was \$26.2 million.

On June 20, 2016, the Company completed the sale of the Willowbrook Commons property located in Nashville, Tennessee for \$9.2 million. The gain on the sale of the Willowbrook Commons property was less than \$0.1 million.

On July 29, 2016, the Company completed the sale of the Kroger Junction property located in Pasadena, Texas for \$3.7 million. The loss on the sale of the Kroger Junction property was less than \$0.1 million.

On August 30, 2016, the Company entered into an operating agreement with Southern Apartment Group-Harding, LLC ("SAGH") to jointly develop an apartment development project in Charlotte, North Carolina. During the year ended December 31, 2016, the Company purchased \$5.7 million of land in conjunction with the project.

On September 15, 2016, the Company completed the sale of the Oyster Point office property for \$6.4 million. Net proceeds after transaction costs and settlement of liabilities were not significant. The gain on the disposition of Oyster Point was \$3.8 million.

On December 22, 2016, the Company completed the sale of land adjacent to the Brooks Crossing development for \$0.4 million. The gain on the disposition of the land was less than \$0.1 million.

Other 2015 Real Estate Transactions

On January 5, 2015, the Company completed the sale of the Sentara Williamsburg office property for \$15.4 million. Net proceeds to the Company after transaction costs were \$15.2 million. The Company recognized a gain on the disposition of the Sentara Williamsburg office property of \$6.2 million.

On March 31, 2015, the Company purchased land held for development in the Town Center of Virginia Beach, Virginia for \$1.2 million.

On May 20, 2015, the Company completed the sale of Whetstone Apartments for \$35.6 million. Net proceeds to the Company after transaction costs were \$35.5 million. The Company recognized a gain on the disposition of Whetstone Apartments of \$7.2 million.

On October 5, 2015, the Company purchased 3.24 acres of land in Newport News, Virginia for \$0.1 million for the development of Brooks Crossing, a new urban, mixed-use and low-rise development project, in partnership with the City of Newport News.

On October 30, 2015, the Company completed the sale of the Oceaneering International facility for \$30.0 million. Net proceeds to the Company after transaction costs were \$29.0 million. The Company recognized a gain on the disposition of Oceaneering of \$5.0 million.

Equity Method Investments

City Center

On February 25, 2016, the Company acquired a 37% interest in Durham City Center II, LLC ("City Center") for purposes of developing a 22-story mixed-use tower in Durham, North Carolina. The Company is a minority partner in the joint venture and will serve as the project's general contractor, with full ownership of the office and retail portions of the project. As of December 31, 2017 and 2016, the Company has invested \$11.4 million and \$10.3 million, respectively, in City Center. The Company has agreed to guarantee 37% of the construction loan for City Center;

however, the loan is collateralized by 100% of the assets of City Center. As of December 31, 2017, \$29.2 million has been drawn against the construction loan, of which \$11.2 million is attributable to the Company's portion of the loan. As of December 31, 2016, the construction loan had not been drawn against.

As of December 31, 2017, the difference between the carrying value of the Company's initial investment in City Center and the amount of underlying equity was immaterial. For the years ended December 31, 2017 and 2016, City Center did not have any operating activity, and therefore the Company did not receive any dividends or allocated income.

Based on the terms of City Center's operating agreement, the Company has concluded that City Center is a VIE, and that the Company holds a variable interest. The Company does not have the power to direct the activities of the project that most significantly impact its performance. Accordingly, the Company is not the project's primary beneficiary and, therefore, does not consolidate City Center in its consolidated financial statements.

6. Notes Receivable

Point Street Apartments

On October 15, 2015, the Company agreed to invest up to \$28.2 million in the Point Street Apartments project in the Harbor Point area of Baltimore, Maryland. Point Street Apartments is an estimated \$98.0 million development project with plans for a 17-story building comprised of 289 residential units and 18,000 square feet of street-level retail space. Beatty Development Group ("BDG") is the developer of the project and has engaged the Company to serve as construction general contractor. Point Street Apartments is scheduled to open in the first quarter of 2018; however, management can provide no assurances that Point Street Apartments will open on the anticipated timeline or be completed at the anticipated cost.

BDG secured a senior construction loan of up to \$67.0 million to fund the development and construction of Point Street Apartments on November 10, 2016. The Company has agreed to guarantee \$25.0 million of the senior construction loan in exchange for the option to purchase up to an 88% controlling interest in Point Street Apartments upon completion of the project as follows: (i) an option to purchase a 79% indirect interest in Point Street Apartments for \$27.3 million, exercisable within one year from the project's completion (the "First Option") and (ii) provided that the Company has exercised the First Option, an option to purchase an additional 9% indirect interest in Point Street Apartments for \$3.1 million, exercisable within 27 months from the project's completion (the "Second Option"). The Company currently has a \$2.1 million letter of credit for the guarantee of the senior construction loan.

The Company's investment in the Point Street Apartments project is in the form of a loan under which BDG may borrow up to \$28.2 million (the "BDG loan"). Interest on the BDG loan accrues at 8.0% per annum and matures on the earliest of: (i) November 1, 2018, which may be extended by BDG under two one-year extension options, (ii) the maturity date or earlier termination of the senior construction loan, or (iii) the date the Company exercises the Second Option as described further below.

In the event the Company exercises the First Option, BDG is required to pay down the outstanding BDG loan in full, with the difference between the BDG loan and \$28.2 million applied to the senior construction loan. In the event the Company exercises the Second Option, BDG is required to simultaneously repay any remaining amounts outstanding under the BDG loan, with any excess proceeds received from the exercise of the Second Option applied against the senior construction loan. In the event the Company does not exercise either the First Option or the Second Option, the interest rate on the BDG loan will automatically be reduced to the interest rate on the senior construction loan for the remaining term of the BDG loan.

As of December 31, 2017 and 2016, the Company had funded \$22.4 million and \$20.6 million, respectively, under the BDG loan and for the years ended December 31, 2017 and 2016, the Company recognized \$1.7 million and \$1.2

million, respectively, of interest income on the BDG loan. No portion of the note receivable balance is past due, and the Company has not recorded an impairment balance on the note.

Management has concluded that this entity is a VIE. Because BDG is the developer of Point Street Apartments, the Company does not have the power to direct the activities of the project that most significantly impact its performance, nor is the Company the party most closely associated with the project. Therefore, the Company is not the project's primary beneficiary and does not consolidate the project in its consolidated financial statements.

Annapolis Junction

On April 21, 2016, the Company entered into a note receivable with a maximum principal balance of \$48.1 million in the Annapolis Junction residential component of the Annapolis Junction Town Center project in Maryland ("Annapolis Junction"). Annapolis Junction is an estimated \$106.0 million mixed-use development project with plans for 416 residential units. It is part of a mixed-use development project that is also planned to have 17,000 square feet of retail space and a 150-room hotel. Annapolis Junction Apartments Owner, LLC ("AJAO") is the developer of the residential component and has engaged the Company to serve as construction general contractor for the residential component. Portions of Annapolis Junction opened during the third and fourth quarters of 2017, and the remaining portions are scheduled to open during the first quarter of 2018; however, management can provide no assurances that Annapolis Junction will open on the anticipated timeline or at the anticipated cost.

AJAO secured a senior construction loan of up to \$60.0 million to fund the development and construction of Annapolis Junction's residential component on September 30, 2016. The Company has agreed to guarantee up to \$25.0 million of the senior construction loan in exchange for the option to purchase up to an 88% controlling interest in Annapolis Junction upon completion of the project as follows: (i) an option to purchase an 80% indirect interest in Annapolis Junction's residential component for the lesser of the seller's budgeted or actual cost, exercisable within one year from the project's completion (the "First Option") and (ii) provided that the Company has exercised the First Option, an option to purchase an additional 8% indirect interest in Annapolis Junction for the lesser of the seller's actual or budgeted cost, exercisable within 27 months from the project's completion (the "Second Option").

The Company's investment in the Annapolis Junction project is in the form of a loan under which AJAO may borrow up to \$48.1 million, including a \$6.0 million interest reserve (the "AJAO loan"). Interest on the AJAO loan accrues at 10.0% per annum and matures on the earliest of: (i) December 21, 2020, which may be extended by AJAO under two one-year extension options, (ii) the maturity date or earlier termination of the senior construction loan, or (iii) the date the Company exercises the Second Option as described further below. In the event that the Company exercises the First Option, AJAO is required to simultaneously pay down both the senior construction loan and the AJAO loan by 80%, at which time the interest rate on the AJAO loan will automatically be reduced to the interest rate on the senior construction loan. In the event the Company exercises the Second Option, AJAO is required to simultaneously repay any remaining amounts outstanding under the AJAO loan, with any excess proceeds received from the exercise of the Second Option applied against the remaining balance of the senior construction loan. In the event that the Company does not exercise either the First Option or the Second Option, the interest rate on the AJAO loan will automatically be reduced to the interest rate on the senior construction loan for the remaining term of the AJAO loan.

The balance on the Annapolis Junction note was \$43.0 million and \$38.9 million as of December 31, 2017 and 2016, respectively. During the years ended December 31, 2017 and 2016, the Company recognized \$4.1 million and \$2.0 million, respectively, of interest income on the note. No portion of the note receivable balance is past due, and the Company has not recorded an impairment balance on the note.

Management has concluded that this entity is a VIE. Because AJAO is the developer of Annapolis Junction, the Company does not have the power to direct the activities of the project that most significantly impact its performance, nor is the Company the party most closely associated with the project. Therefore, the Company is not the project's primary beneficiary and does not consolidate the project in its consolidated financial statements.

North Decatur Square

On May 15, 2017, the Company invested in the development of an estimated \$34.0 million Whole Foods anchored center located in Decatur, Georgia. The Company's investment is in the form of a mezzanine loan of up to \$21.8 million to the developer, North Decatur Square Holdings, LLC ("NDSH"). The mezzanine loan bears interest at an annual rate of 15%. The note matures on the earliest of (i) May 15, 2022, (ii) the maturity of the senior construction loan, (iii) the sale of NDSH or (iv) the sale of the center. NDSH is current on this loan.

As of December 31, 2017, the Company had funded \$11.8 million on this loan. During the year ended December 31, 2017, the Company recognized \$1.0 million of interest income on this loan. No portion of the note receivable balance is past due, and the Company has not recorded an impairment balance on the note.

Management has concluded that this entity is a VIE. Because NDSH is the developer of North Decatur Square, the Company does not have the power to direct the activities of the project that most significantly impact its performance. Therefore, the Company is not the project's primary beneficiary and does not consolidate the project in its consolidated financial statements.

Delray Plaza

On October 27, 2017, the Company invested in the development of an estimated \$20.0 million Whole Foods anchored center located in Delray Beach, Florida. The Company's investment is in the form of a mezzanine loan of up to \$13.1 million to the developer, Delray Plaza Holdings, LLC ("DPH"). The mezzanine loan bears interest at an annual rate of 15%. The note matures on the earliest of (i) October 27, 2020, (ii) the date of any sale or refinance of the development project, or (iii) the disposition or change in control of the development project.

As of December 31, 2017, the Company had funded \$5.4 million on this loan. During the year ended December 31, 2017, the Company recognized \$0.2 million of interest income on this loan. No portion of the note receivable balance is past due, and the Company has not recorded an impairment balance on the note.

Management has concluded that this entity is a VIE. Because DPH is the developer of Delray Plaza, the Company does not have the power to direct the activities of the project that most significantly impact its performance. Therefore, the Company is not the project's primary beneficiary and does not consolidate the project in its consolidated financial statements.

Subsequent to December 31, 2017

On January 31, 2018, the North Decatur Square mezzanine loan was modified to increase the maximum amount of the loan to \$25.7 million.

7. Construction Contracts

Construction contract costs and estimated earnings in excess of billings represent reimbursable costs and amounts earned under contracts in progress as of the balance sheet date. Such amounts become billable according to contract terms, which usually consider the passage of time, achievement of certain milestones, or completion of the project. Billings in excess of construction contract costs and estimated earnings represent billings or collections on contracts made in advance of revenue recognized.

The Company defers precontract costs when such costs are directly associated with specific anticipated contracts and their recovery is probable. Precontract costs of \$0.6 million and \$1.5 million were deferred as of December 31, 2017 and 2016, respectively.

Construction receivables and payables include retentions—amounts that are generally withheld until the completion of the contract or the satisfaction of certain restrictive conditions such as fulfillment guarantees. As of December 31, 2017 and 2016, construction receivables included retentions of \$9.9 million and \$11.5 million, respectively. The Company expects to collect substantially all construction receivables as of December 31, 2017 during the year ending December 31, 2018. As of December 31, 2017 and 2016, construction payables included retentions of \$17.4 million and \$14.6 million, respectively. The Company expects to pay substantially all construction payables as of December 31, 2017 during the year ending December 31, 2018.

The Company's net position on uncompleted construction contracts comprised the following as of December 31, 2017 and 2016 (in thousands):

	December 31,	
	2017	2016
Costs incurred on uncompleted construction contracts	\$ 520,368	\$ 333,744
Estimated earnings	18,070	10,936
Billings	(541,784)	(354,737)
Net position	<u>\$ (3,346)</u>	<u>\$ (10,057)</u>

	December 31,	
	2017	2016
Construction contract costs and estimated earnings in excess of billings	\$ 245	\$ 110
Billings in excess of construction contract costs and estimated earnings	(3,591)	(10,167)
Net position	<u>\$ (3,346)</u>	<u>\$ (10,057)</u>

The Company expects to complete all uncompleted contracts as of December 31, 2017 during the years ending December 31, 2018 and 2019.

8. *Indebtedness*

The Company's indebtedness was comprised of the following as of December 31, 2017 and 2016 (dollars in thousands):

	Principal Balance		Stated Interest	Stated Maturity
	December 31,		Rate	Date
	2017	2016	December 31,	2017
North Point Center Note 5	\$ —	\$ 643	LIBOR + 2.00%	February 1, 2017
Harrisonburg Regal	—	3,256	6.06%	June 8, 2017
Commonwealth of Virginia - Chesapeake	—	4,933	LIBOR + 1.90%	August 28, 2017
Sandbridge Commons (2)	8,468	9,376	LIBOR + 1.75%	January 17, 2018
Columbus Village Note 1 (1)	6,080	6,258	LIBOR + 2.00%	April 5, 2018
Columbus Village Note 2	2,218	2,266	LIBOR + 2.00%	April 5, 2018
Johns Hopkins Village	46,698	43,841	LIBOR + 1.90%	July 30, 2018
Lightfoot Marketplace	10,500	12,194	LIBOR + 1.75%	November 14, 2018
North Point Note 1	9,571	9,776	6.45%	February 5, 2019
Harding Place	3,874	—	LIBOR + 2.95%	February 24, 2020
Town Center Phase VI	1,505	—	LIBOR + 3.50%	June 29, 2020
Southgate Square	20,708	21,150	LIBOR + 2.00%	April 29, 2021
249 Central Park Retail (3)	16,851	17,076	LIBOR + 1.95%	August 8, 2021
Fountain Plaza Retail (3)	10,145	10,281	LIBOR + 1.95%	August 8, 2021
South Retail (3)	7,394	7,493	LIBOR + 1.95%	August 8, 2021
4525 Main Street (4)	32,034	32,034	3.25%	September 10, 2021
Encore Apartments (4)	24,966	24,966	3.25%	September 10, 2021
Revolving credit facility	66,000	107,000	LIBOR+1.40%-2.00%	October 26, 2021
Hanbury Village	19,503	20,709	0.0378	August 15, 2022
Term loan (1)	50,000	50,000	LIBOR+1.35%-1.95%	October 26, 2022
Term loan	100,000	50,000	LIBOR+1.35%-1.95%	October 26, 2022
Socastee Commons	4,771	4,866	4.57%	January 6, 2023
North Point Note 2	2,459	2,564	7.25%	September 15, 2025
Smith's Landing	19,764	20,511	4.05%	June 1, 2035
Liberty Apartments	14,694	20,005	5.66%	November 1, 2043
The Cosmopolitan	45,209	45,884	3.35%	July 1, 2051
Total principal balance	\$ 523,412	\$ 527,082		
Unamortized fair value adjustments	(1,211)	(1,250)		
Unamortized debt issuance costs	(4,929)	(3,652)		
Indebtedness, net	\$ 517,272	\$ 522,180		

(1) Subject to an interest rate swap agreement.

(2) Subsequent to December 31, 2017, the Sandbridge Commons mortgage was extended for an additional 5 years.

(3) Cross collateralized.

(4) Cross collateralized.

The Company's indebtedness was comprised of the following fixed and variable-rate debt as of December 31, 2017 and 2016 (in thousands):

	December 31,	
	2017	2016
Fixed-rate debt	\$ 229,051	\$ 241,472
Variable-rate debt	294,361	285,610
Total principal balance	<u>\$ 523,412</u>	<u>\$ 527,082</u>

Certain loans require the Company to comply with various financial and other covenants, including the maintenance of minimum debt coverage ratios. As of December 31, 2017, the Company was in compliance with all loan covenants.

Scheduled principal repayments and maturities during each of the next five years and thereafter are as follows (in thousands):

Year	Scheduled Principal Payments	Maturities	Total Payments
2018	\$ 4,361	\$ 73,322	\$ 77,683
2019	3,951	9,333	13,284
2020	4,959	5,379	10,338
2021	4,073	172,274	176,347
2022	2,699	167,109	169,808
Thereafter	70,385	5,567	75,952
Total	<u>\$ 90,428</u>	<u>\$ 432,984</u>	<u>\$ 523,412</u>

Credit Facility

On October 26, 2017, the Operating Partnership entered into an amended and restated credit agreement (the "amended credit agreement"), which provides for a \$300.0 million credit facility comprised of a \$150.0 million senior unsecured revolving credit facility (the "revolving credit facility") and a \$150.0 million senior unsecured term loan facility (the "term loan facility" and, together with the revolving credit facility, the "credit facility"), with a syndicate of banks. The amended credit facility replaces the prior \$150.0 million revolving credit facility, which was scheduled to mature on February 20, 2019, and the prior \$125.0 million term loan facility, which was scheduled to mature on February 20, 2021.

The credit facility includes an accordion feature that allows the total commitments to be increased to \$450.0 million, subject to certain conditions, including obtaining commitments from any one or more lenders. The revolving credit facility has a scheduled maturity date of October 26, 2021, with two six-month extension options, subject to certain conditions, including payment of a 0.075% extension fee at each extension. The term loan facility has a scheduled maturity date of October 26, 2022.

The revolving credit facility bears interest at LIBOR plus a margin ranging from 1.40% to 2.00% and the term loan facility bears interest at LIBOR plus a margin ranging from 1.35% to 1.95%, in each case depending on the Company's total leverage. The Company is also obligated to pay an unused commitment fee of 15 or 25 basis points on the unused portions of the commitments under the revolving credit facility, depending on the amount of borrowings under the credit facility. As of December 31, 2017, the interest rates on the revolving credit facility and the term loan facility were 3.11% and 3.06%, respectively. If the Company attains investment grade credit ratings from S&P and Moody's, the Operating Partnership may elect to have borrowings become subject to interest rates based on such

credit ratings. The Company may, at any time, voluntarily prepay any loan under the credit facility in whole or in part without premium or penalty.

The Operating Partnership is the borrower under the credit facility, and its obligations under the credit facility are guaranteed by the Company and certain of its subsidiaries that are not otherwise prohibited from providing such guaranty. The credit agreement contains customary representations and warranties and financial and other affirmative and negative covenants. The Company's ability to borrow under the credit facility is subject to ongoing compliance with a number of financial covenants, affirmative covenants and other restrictions. The credit agreement includes customary events of default, in certain cases subject to customary cure periods. The occurrence of an event of default, if not cured within the applicable cure period, would permit the lenders to, among other things, declare the unpaid principal, accrued and unpaid interest and all other amounts payable under the credit facility to be immediately due and payable.

The Company is currently in compliance with all covenants under the credit facility.

Other 2017 Financing Activity

On February 1, 2017, the Company paid off the North Point Center Note 5 in full for \$0.6 million.

On February 24, 2017, the Company secured a \$29.8 million construction loan for the Harding Place project in Charlotte, North Carolina.

On April 7, 2017, the Company paid off the Harrisonburg Regal note in full for \$3.2 million.

On April 19, 2017, the Company entered into a second amendment to the credit agreement for the Lightfoot Marketplace loan, which amended certain definitions and covenant requirements.

On June 29, 2017, the Company secured a \$27.9 million construction loan for the Town Center Phase VI project in Virginia Beach, Virginia.

On July 13, 2017, the Company paid off the remaining balance of \$4.9 million for the note secured by the Commonwealth of Virginia building in Chesapeake, Virginia in conjunction with the sale of this property.

On August 9, 2017, the Company refinanced the Hanbury Village note. The new note matures in August 2022 and has a fixed annual interest rate of 3.78%.

On August 10, 2017, the Company paid off \$0.7 million of the Sandbridge Commons note in conjunction with the sale of a land outparcel at this property.

On September 1, 2017, the Company entered into a modification of The Cosmopolitan note, which reduced the interest rate from 3.75% to 3.35%.

On October 13, 2017, the Company paid down \$5.0 million of the Liberty Apartments note.

On November 1, 2017, the Company extended the Lightfoot construction loan after paying the balance down to \$10.5 million and paying an extension fee. The loan is now set to mature in November 2018.

On December 28, 2017, the Company secured a \$66.5 million construction loan for the 595 King Street and 530 Meeting Street development projects. There are no borrowings on this loan as of December 31, 2017.

During the year ended December 31, 2017, the Company borrowed \$8.9 million under its construction loans to fund new development and construction.

Subsequent to December 31, 2017

On January 22, 2018, the Company extended the Sandbridge Commons mortgage. The loan bears interest at a rate of LIBOR plus a spread of 1.75% and will mature on January 17, 2023.

In January 2018, the Company increased its borrowings under the revolving credit facility by \$58.0 million.

Other 2016 Financing Activity

On August 8, 2016, the Company repaid the existing \$15.1 million mortgage loan secured by 249 Central Park Retail, the \$6.7 million mortgage loan on South Retail and the \$7.6 million mortgage loan on Fountain Plaza and refinanced them with a \$35.0 million five-year term mortgage loan that bears interest at LIBOR plus 1.95% and matures on August 8, 2021. The new mortgage loan is collateralized by all three properties. The loss on extinguishment of debt recognized on the refinancing was less than \$0.1 million.

On August 30, 2016, the Company repaid the existing \$31.6 million construction loan secured by 4525 Main Street and the \$25.2 million construction loan on Encore Apartments and refinanced them with a \$57.0 million five-year term mortgage loan that bears interest at 3.25% and matures on September 10, 2021. The new mortgage is collateralized by both properties. The loss on extinguishment of debt recognized on the refinancing was less than \$0.1 million for the year ended December 31, 2016.

During the year ended December 31, 2016, the Company borrowed \$44.4 million under its construction loans to fund new development and construction.

Other 2015 Financing Activity

On May 20, 2015, the Company repaid the \$17.8 million construction loan secured by Whetstone Apartments and recognized a loss on extinguishment of debt of \$0.1 million representing unamortized debt issuance costs.

On May 27, 2015, the Company repaid the existing \$24.4 million mortgage secured by Smith's Landing and refinanced the property with a new \$21.6 million loan that bears interest at 4.05% and matures on June 1, 2035. As a result of the refinancing, the Company recognized a \$0.1 million loss on extinguishment of debt representing the unamortized debt issuance costs associated with the repaid mortgage.

On July 1, 2015, the Company assumed debt with an outstanding principal balance of \$5.0 million in connection with the acquisition of Socastee Commons. The mortgage bears interest at 4.57% and matures on January 6, 2023.

On July 10, 2015, the Company assumed two loans with an aggregate outstanding principal balance of \$8.8 million in connection with the acquisition of Columbus Village. Both loans bear interest at LIBOR plus 2.00% and mature on April 5, 2018.

On July 30, 2015, the Company entered into a \$50.0 million loan agreement to fund the development and construction of Johns Hopkins Village. The construction loan bears interest at LIBOR plus 1.90% and matures on July 30, 2018.

On September 1, 2015, the Company repaid the \$6.1 million mortgage secured by the Oyster Point office building.

On October 6, 2015, the Operating Partnership entered into a \$6.4 million note secured by the Oyster Point office building, which bears interest at LIBOR plus 1.40% to 2.00% and matures on February 28, 2017. This note was paid in full in conjunction with the sale of the Oyster Point office building.

On October 30, 2015, the Company repaid the \$18.7 million construction loan secured by the Oceaneering International building and recognized a loss on debt extinguishment of debt of \$0.1 million representing unamortized debt issuance costs.

9. *Derivative Financial Instruments*

On February 20, 2015, the Operating Partnership entered into a \$50.0 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$50.0 million interest rate swap has a fixed rate of 2.00%, an effective date of March 1, 2016 and a maturity date of February 20, 2020. The Operating Partnership entered into this interest rate swap agreement in connection with the \$50.0 million senior unsecured term loan facility that bears interest at LIBOR plus 1.35% to 1.95%, depending on the Operating Partnership's total leverage. The Company designated this interest rate swap as a cash flow hedge of variable interest payments based on one-month LIBOR.

On July 13, 2015, the Operating Partnership entered into a \$6.5 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$6.5 million interest rate swap has a fixed rate of 3.05%, an effective date of July 13, 2015 and a maturity date of April 5, 2018. The Company designated this interest rate swap as a cash flow hedge of variable interest payments based on one-month LIBOR.

On October 26, 2015, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$75.0 million at a strike rate of 1.25% for a premium of \$0.1 million. The interest rate cap agreement expired on October 15, 2017.

On February 25, 2016, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$75.0 million at a strike rate of 1.50% for a premium of less than \$0.1 million. The interest rate cap agreement expires on March 1, 2018.

On June 17, 2016, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$70.0 million at a strike rate of 1.00% for a premium of less than \$0.1 million. The interest rate cap agreement expires on June 17, 2018.

On February 7, 2017, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$50.0 million at a strike rate of 1.50% for a premium of \$0.2 million. The interest rate cap expires on March 1, 2019.

On June 23, 2017, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$50.0 million at a strike rate of 1.50% for a premium of less than \$0.2 million. The interest rate cap agreement expires on July 1, 2019.

On September 18, 2017, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$50.0 million at a strike rate of 1.50% for a premium of less than \$0.2 million. The interest rate cap agreement expires on October 1, 2019.

On November 28, 2017, the Operating Partnership entered into a LIBOR interest rate cap agreement on a notional amount of \$50.0 million at a strike rate of 1.50% for a premium of less than \$0.4 million. The interest rate cap agreement expires on December 1, 2019.

The Company's derivatives comprised the following as of December 31, 2017 and 2016 (in thousands):

	December 31,					
	2017			2016		
	Notional	Fair Value		Notional	Fair Value	
	Amount	Asset	Liability	Amount	Asset	Liability
Interest rate swaps	\$ 56,079	\$ 10	\$ (69)	\$ 56,901	\$ —	\$ (829)
Interest rate caps	345,000	1,515	—	270,000	259	—
Total	<u>\$ 401,079</u>	<u>\$ 1,525</u>	<u>\$ (69)</u>	<u>\$ 326,901</u>	<u>\$ 259</u>	<u>\$ (829)</u>

The changes in the fair value of the Company's derivatives during the years ended December 31, 2017, 2016, and 2015 was as follows (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Interest rate swaps	\$ 770	\$ (795)	\$ (1,071)
Interest rate caps	357	(146)	(233)
Total	<u>\$ 1,127</u>	<u>\$ (941)</u>	<u>\$ (1,304)</u>
Comprehensive income statement presentation:			
Change in fair value of interest rate derivatives	\$ 1,127	\$ (941)	\$ (229)
Unrealized gain (loss) on cash flow hedge	—	—	(1,075)
Total	<u>\$ 1,127</u>	<u>\$ (941)</u>	<u>\$ (1,304)</u>

Effective March 31, 2016, the Company determined that the short-cut method of hedge accounting was not appropriate for two of its interest-rate swaps and, for accounting purposes, the hedge relationship was terminated. The swaps were entered into in February and July 2015. Accordingly, changes in fair value of the swap should have been recorded in income rather than other comprehensive income. The Company determined that the errors were immaterial to all previously issued financial statements. The Company recognized \$0.7 million of accumulated other comprehensive income and \$0.4 million, which was previously allocated to noncontrolling interest as of December 31, 2015, in earnings during the first quarter of 2016. Subsequent changes in the value of the interest rate swap for the period from January 1, 2016 to December 31, 2017 were also recognized in earnings during the years ended December 31, 2017 and 2016. Net income for the year ended December 31, 2015 was overstated by \$1.0 million. In reaching its conclusions, management considered the nature of the error, the effect of the error on operating results for 2015, and the effects of the error on important financial statement measures, including related trends.

The Company has not designated any of its interest rate caps as hedging instruments under GAAP.

10. Equity

Stockholders' Equity

As of December 31, 2017 and 2016, the Company's authorized capital was 500 million shares of common stock and 100 million shares of preferred stock. The Company had 44.9 million and 37.5 million shares of common stock issued and outstanding as of December 31, 2017 and 2016, respectively. No shares of preferred stock were issued and outstanding as of December 31, 2017 and 2016.

On April 8, 2015, the Company issued 415,500 shares of common stock in a private placement as partial consideration for the acquisition of Perry Hall Marketplace.

On May 5, 2015, the Company commenced an at-the-market continuous equity program through which the Company was able to, from time to time, issue and sell shares of its common stock having an aggregate offering price of up to \$50.0 million (the "2015 ATM Program"). During the years ended December 31, 2016 and 2015, the Company issued and sold 1,152,919 and 1,108,149 shares of common stock at weighted average prices of \$10.87 and \$10.26 per share, resulting in net proceeds to the Company after offering costs and commissions of \$12.2 million and \$10.9 million, respectively.

On December 9, 2015, the Company completed an underwritten public offering of 3,450,000 shares of common stock. The net proceeds to the Company after deducting the underwriting discount and related offering costs were \$35.1 million.

On May 4, 2016, the Company commenced a new at-the-market continuous equity offering program (the "2016 ATM Program") through which the Company was able to, from time to time, issue and sell shares of its common stock having an aggregate offering price of up to \$75.0 million. Upon commencing the 2016 ATM Program, the Company simultaneously terminated the Prior ATM Program. During the years ended December 31, 2017 and 2016, the Company issued and sold 450,890 and 4,159,936 shares of common stock at a weighted average price of \$14.08 and \$13.45 per share under the 2016 ATM Program, receiving net proceeds after offering costs and commissions of \$6.2 million and \$54.8 million, respectively.

On October 13, 2016, the Company completed the acquisition of Columbus Village II, a stabilized retail asset for aggregate consideration of 2,000,000 shares of common stock, which based on the closing stock price on the date of the acquisition, resulting in an acquisition price of \$26.2 million. On October 19, 2016, the Company filed a registration statement covering resales of the shares pursuant to a registration rights agreement with the sellers.

On May 12, 2017, the Company completed an underwritten public offering of 6,900,000 shares of common stock at a public offering price of \$13.00 per share, which resulted in net proceeds after offering costs and commissions of \$85.3 million.

Redeemable Noncontrolling Interests

The former noncontrolling interest holder of Johns Hopkins Village had an option to redeem the 20% noncontrolling interest in that entity. The noncontrolling interest of \$2.0 million was included in temporary equity. On December 21, 2017, the Company redeemed the noncontrolling interest for a cash payment of \$2.0 million and contingent future consideration of \$0.5 million to be paid in Class A Units of the Operating Partnership upon the satisfaction of certain conditions. The contingent future consideration of \$0.5 million has been recorded in accounts payable and accrued liabilities on the Company's consolidated balance sheets.

Noncontrolling Interests

As of December 31, 2017 and 2016, the Company held a 72.0% and 68.1% interest in the Operating Partnership, respectively. As the sole general partner and the majority interest holder, the Company consolidates the financial position and results of operations of the Operating Partnership. Noncontrolling interests in the Company represent OP Units not held by the Company.

As partial consideration for Columbus Village, the Operating Partnership issued 1,000,000 Class B Units on July 10, 2015 and issued 275,000 Class C Units on January 10, 2017. The Class B Units and Class C Units did not earn or accrue distributions until July 10, 2017 and January 10, 2018, respectively, at which time they automatically converted to Class A Units.

On January 10, 2017, the Operating Partnership issued 68,691 Class A Units to acquire the remaining 20% interest in the Town Center Phase VI project.

On October 2, 2017, due to the request of holders of Class A Units to tender an aggregate 358,879 Class A Units for redemption by the Operating Partnership, the Company elected to satisfy the redemption requests with an aggregate cash payment of \$4.9 million.

Holders of OP Units may not transfer their units without the Company's prior consent as general partner of the Operating Partnership. Subject to the satisfaction of certain conditions, holders of Class A Units may tender their units for redemption by the Operating Partnership in exchange for cash equal to the market price of shares of the Company's common stock at the time of redemption or, at the Company's option and sole discretion, for unregistered or registered shares of common stock on a one-for-one basis. Accordingly, the Company presents OP Units of the Operating Partnership not held by the Company as noncontrolling interests within equity in the consolidated balance sheets.

Common Stock Dividends and Class A Unit Distributions

During the year ended December 31, 2017, the Company declared the following dividends per share and distributions per unit:

Declaration Date	Record Date	Paid Date	Dividend Per Share/Distribution Per Unit
February 2, 2017	March 29, 2017	April 6, 2017	\$ 0.19
May 5, 2017	June 28, 2017	July 6, 2017	0.19
August 4, 2017	September 27, 2017	October 5, 2017	0.19
November 2, 2017	December 27, 2017	January 4, 2018	0.19
		Total	<u>\$ 0.76</u>

During the year ended December 31, 2017, the Company paid cash dividends of \$31.1 million to common stockholders and the Operating Partnership paid cash distributions of \$12.6 million to holders of Class A Units.

The tax treatment of dividends paid to common stockholders during the year ended December 31, 2017 was as follows (unaudited):

Capital gains	9.06%
Ordinary income	71.59%
Return of capital	<u>19.35%</u>
Total	<u>100.00%</u>

During the year ended December 31, 2016, the Company declared the following dividends per share and distributions per unit:

Declaration Date	Record Date	Paid Date	Dividend Per Share/Distribution Per Unit
January 31, 2016	March 30, 2016	April 7, 2016	\$ 0.18
May 2, 2016	June 29, 2016	July 7, 2016	0.18
August 4, 2016	September 28, 2016	October 6, 2016	0.18
November 3, 2016	December 28, 2016	January 5, 2017	0.18
		Total	<u>\$ 0.72</u>

During the year ended December 31, 2016, the Company paid cash dividends of \$22.7 million to common stockholders and the Operating Partnership paid cash distributions of \$11.1 million to holders of Class A Units.

The tax treatment of dividends paid to common stockholders during the year ended December 31, 2016 was as follows (unaudited):

Capital gains	—%
Ordinary income	78%
Return of capital	22%
Total	<u>100%</u>

During the year ended December 31, 2015, the Company declared the following dividends per share and distributions per unit:

Declaration Date	Record Date	Paid Date	Dividend Per Share/Distribution Per Unit
January 28, 2015	April 1, 2015	April 9, 2015	\$ 0.17
May 8, 2015	July 1, 2015	July 9, 2015	0.17
August 6, 2015	October 1, 2015	October 8, 2015	0.17
November 6, 2015	December 31, 2015	January 7, 2016	0.17
		Total	<u>\$ 0.68</u>

During the year ended December 31, 2015, the Company paid cash dividends of \$17.1 million to common stockholders and the Operating Partnership paid cash distributions of \$9.9 million to holders of OP Units.

The tax treatment of dividends paid to common stockholders during the year ended December 31, 2015 was as follows (unaudited):

Capital gains	—%
Ordinary income	64.2%
Return of capital	35.8%
Total	<u>100.0%</u>

Subsequent to December 31, 2017

On January 2, 2018, due to the holders of Class A Units tendering an aggregate of 163,000 Class A Units for redemption by the Operating Partnership, the Company elected to satisfy the redemption requests through the issuance of an equal number of shares of common stock.

On January 4, 2018, the Company paid cash dividends of \$8.5 million to common stockholders and the Operating Partnership paid cash distributions of \$3.3 million to holders of Class A Units. These dividends and distributions were declared and accrued as of December 31, 2017.

On January 29, 2018, the Company issued 117,228 Class A Units valued at \$1.7 million in conjunction with the acquisition of Parkway Centre, a newly developed Publix-anchored shopping center in Moultrie, Georgia.

On February 22, 2018, the Company announced that its Board of Directors declared a cash dividend of \$0.20 per common share for the first quarter of 2018. This represents a 5.3% increase over the prior quarter's cash dividend. The first quarter dividend will be payable in cash on April 5, 2018 to stockholders of record on March 28, 2018.

11. *Stock-Based Compensation*

The Company's Amended and Restated 2013 Equity Incentive Plan (the "Equity Plan") permits the grant of restricted stock awards, stock options, stock appreciation rights, performance units, and other equity-based awards up to an aggregate of 1,700,000 shares of common stock. As of December 31, 2017, the Company had 1,083,838 shares of common stock reserved for issuance under the Equity Plan.

During the years ended December 31, 2017, 2016, and 2015, the Company granted an aggregate of 0.1 million, 0.1 million and 0.1 million shares of restricted stock to employees and nonemployee directors, respectively. The weighted average grant date fair value of the restricted stock awards granted during the years ended December 31, 2017, 2016, and 2015 was \$1.7 million, \$1.4 million and \$1.2 million, respectively. Employee restricted stock awards generally vest over a period of two years: one-third immediately on the grant date and the remaining two-thirds in equal amounts on the first two anniversaries following the grant date, subject to continued service to the Company. Nonemployee director restricted stock awards vest either immediately upon grant or over a period of one year, subject to continued service to the Company. Unvested restricted stock awards are entitled to receive dividends from their grant date.

During the years ended December 31, 2017, 2016, and 2015, the Company recognized \$1.5 million, \$1.2 million and \$1.0 million of stock-based compensation, respectively. As of December 31, 2017, the total unrecognized compensation cost related to nonvested restricted shares was \$0.5 million, substantially all of which the Company expects to recognize over the next 20 months.

The following table summarizes the changes in the Company's nonvested restricted stock awards during the year ended December 31, 2017:

	Restricted Stock Awards	Weighted Average Grant Date Fair Value Per Share
Nonvested as of January 1, 2017	104,839	\$ 11.20
Granted	118,361	14.04
Vested	(109,950)	12.26
Forfeited	(461)	12.99
Nonvested as of December 31, 2017	<u>112,789</u>	<u>\$ 13.14</u>

Restricted stock awards granted and vested during the year ended December 31, 2017 include 21,188 shares tendered by employees to satisfy minimum statutory tax withholding obligations.

12. *Fair Value of Financial Instruments*

Fair value measurements are based on assumptions that market participants would use in pricing an asset or a liability. The hierarchy for inputs used in measuring fair value is as follows:

Level 1 Inputs—quoted prices in active markets for identical assets or liabilities

Level 2 Inputs—observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3 Inputs—unobservable inputs

Except as disclosed below, the carrying amounts of the Company's financial instruments approximate their fair value. Financial assets and liabilities whose fair values are measured on a recurring basis using Level 2 inputs consist of interest rate swaps and interest rate caps. The Company measures the fair values of these assets and liabilities based on prices provided by independent market participants that are based on observable inputs using market-based valuation techniques.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. For disclosure purposes, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

The fair value of the Company's debt is sensitive to fluctuations in interest rates. Discounted cash flow analysis based on Level 2 inputs is generally used to estimate the fair value of the Company's debt.

Considerable judgment is used to estimate the fair value of financial instruments. The estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments.

The carrying amounts and fair values of the Company's financial instruments, all of which are based on Level 2 inputs, as of December 31, 2017 and 2016 were as follows (in thousands):

	December 31,			
	2017		2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Indebtedness, net	\$ 517,272	\$ 518,417	\$ 522,180	\$ 527,414
Interest rate swap liabilities	69	69	829	829
Interest rate swap and cap assets	1,525	1,525	259	259

13. *Income Taxes*

The income tax benefit (provision) for the years ended December 31, 2017, 2016, and 2015 comprised the following (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Federal income taxes:			
Current	\$ (516)	\$ (197)	\$ 102
Deferred	(131)	(109)	(72)
State income taxes:			
Current	(62)	(24)	13
Deferred	(16)	(13)	(9)
Income tax benefit (provision)	<u>\$ (725)</u>	<u>\$ (343)</u>	<u>\$ 34</u>

The legislation commonly known as the Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017. The Tax Act reduced the U.S. federal corporate tax rate from 35% to 21% (including with respect to taxable REIT subsidiaries), resulting in the Company's remeasuring its existing deferred tax balances. In addition, generally beginning in 2018, the Tax Act alters the deductibility of certain items (e.g., interest expense) and allows the cost of certain qualifying capital asset investments to be deducted fully in the year they were purchased, subject to a phase-down of the deduction percentage over time. As of December 31, 2017, the Company has not fully completed its analysis of the tax effects of the Tax Act; however, it has made a reasonable estimate of the effects on the deferred tax balances. The Company remeasured deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%. The provisional amounts recorded related to the remeasurement of the deferred tax balance was approximately \$0.2 million of tax expense.

The Company has not fully completed its analysis of the tax effects of the Tax Act; however, it has made a reasonable estimate of the effects on the deferred tax balances. Our estimates are subject to change as additional clarification and implementation guidance is made available by the Internal Revenue Service or other standard-setting bodies, and as a result, we may make adjustments to provisional amounts. It is not expected that such adjustments, however, will materially affect our financial position and results of operations or our effective tax rate in the period in which the adjustments are made.

As of December 31, 2017 and 2016, the Company had \$0.3 million and \$0.5 million, respectively, of net deferred tax assets representing basis differences in the assets of the TRS and stock-based compensation attributable to the TRS.

Management has evaluated the Company's income tax positions and concluded that the Company has no uncertain income tax positions as of December 31, 2017 and 2016. The Company is generally subject to examination by the applicable taxing authorities for the tax years 2014 through 2017. The Company does not currently have any ongoing tax examinations by taxing authorities.

14. *Other Assets*

Other assets were comprised of the following as of December 31, 2017 and 2016 (in thousands):

	December 31,	
	2017	2016
Acquired lease intangibles, net	\$ 29,881	\$ 38,853
Leasing costs, net	9,651	9,338
Leasing incentives, net	4,217	4,764
Interest rate swaps and caps	1,515	259
Prepaid expenses and other	8,937	9,797
Advance deposits on property acquisitions	400	75
Preacquisition development costs	1,352	1,079
Other assets	<u>\$ 55,953</u>	<u>\$ 64,165</u>

15. *Other Liabilities*

Other liabilities were comprised of the following as of December 31, 2017 and 2016 (in thousands):

	December 31,	
	2017	2016
Dividends and distributions payable	\$ 11,887	\$ 9,727
Deferred ground rent payable	8,732	8,202
Acquired lease intangibles, net	13,829	15,545
Prepaid rent and other	3,171	3,227
Security deposits	1,674	1,679
Interest rate swaps	59	829
Other liabilities	<u>\$ 39,352</u>	<u>\$ 39,209</u>

16. *Acquired Lease Intangibles*

The following table summarizes the Company's acquired lease intangibles as of December 31, 2017 (in thousands):

	December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
In-place lease assets	\$ 50,506	\$ 25,193	\$ 25,313
Above-market lease assets	4,817	1,923	2,894
Below-market lease liabilities	18,089	4,260	13,829
Below-market ground lease assets	1,920	246	1,674

The following table summarizes the Company's acquired lease intangibles as of December 31, 2016 (in thousands):

	December 31, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
In-place lease assets	\$ 49,124	\$ 15,350	\$ 33,774
Above-market lease assets	4,490	1,138	3,352
Below-market lease liabilities	18,039	2,494	15,545
Below-market ground lease assets	1,920	193	1,727

Amortization of in-place lease assets for the years ended December 31, 2017, 2016, and 2015 was \$9.7 million, \$10.2 million, and \$2.9 million, respectively.

Amortization of above-market lease assets for the years ended December 31, 2017, 2016, and 2015 was \$0.8 million, \$0.9 million, and \$0.3 million, respectively.

Amortization of below-market lease liabilities for the years ended December 31, 2017, 2016, and 2015 was \$1.8 million, \$1.8 million, and \$0.1 million, respectively.

Amortization of below-market ground lease assets for the years ended December 31, 2017, 2016, and 2015 was \$0.1 million, \$0.1 million, and \$0.1 million, respectively.

As of December 31, 2017, the weighted-average remaining lives of in-place lease assets, above-market lease assets, below-market lease liabilities, and below-market ground lease assets were 4.9 years, 6.0 years, 4.9 years, and 31.5 years, respectively. As of December 31, 2017, the weighted-average remaining life of below-market lease renewal options was 13.8 years.

Estimated amortization of acquired lease intangibles for each of the five succeeding years is as follows (in thousands):

Year ending December 31,	Depreciation and Amortization		
	Rental Revenues	Rental Expenses	
2018	\$ 928	\$ 53	\$ 7,170
2019	842	53	5,359
2020	706	53	3,659
2021	721	53	2,250
2022	689	53	1,669

17. Related Party Transactions

The Company provides general contracting and real estate services to certain related party entities that are not included in these consolidated financial statements. Revenue from construction contracts with related party entities of the Company was \$7.6 million, \$26.7 million and \$9.6 million for the years ended December 31, 2017, 2016, and 2015, respectively. Gross profits from such contracts were \$0.4 million, \$1.0 million and \$0.3 million for the years ended December 31, 2017, 2016, and 2015, respectively. Amounts from related parties of the Company included in construction receivables as of December 31, 2017 and 2016 were \$0.2 million and \$3.4 million, respectively. Real estate services fees from affiliated entities of the Company were not material for any of the years ended December 31, 2017, 2016, and 2015. In addition, affiliated entities also reimburse the Company for monthly maintenance and

facilities management services provided to the properties. Cost reimbursements earned by the Company from affiliated entities were not material for any of the years ended December 31, 2017, 2016, and 2015.

In connection with the formation transactions for the Company's IPO, the Operating Partnership entered into tax protection agreements that indemnify certain directors and executive officers of the Company from their tax liabilities resulting from the potential future sale of certain of the Company's properties within seven (or, in a limited number of cases, ten) years of the completion of the formation transactions on May 13, 2013. Upon completing the sale of the Virginia Natural Gas office property on November 20, 2014, the Operating Partnership paid \$1.3 million under such tax protection agreements.

18. Commitments and Contingencies

Legal Proceedings

The Company is from time to time involved in various disputes, lawsuits, warranty claims, environmental and other matters arising in the ordinary course of its business. Management makes assumptions and estimates concerning the likelihood and amount of any potential loss relating to these matters.

The Company currently is a party to various legal proceedings, none of which management expects will have a material adverse effect on the Company's financial position, results of operations, or liquidity. Management accrues a liability for litigation if an unfavorable outcome is determined to be probable and the amount of loss can be reasonably estimated. If an unfavorable outcome is determined by management to be probable and a range of loss can be reasonably estimated, management accrues the best estimate within the range; however, if no amount within the range is a better estimate than any other, the minimum amount within the range is accrued. Legal fees related to litigation are expensed as incurred. Management does not believe that the ultimate outcome of these matters, either individually or in the aggregate, could have a material adverse effect on the Company's financial position or results of operations; however, litigation is subject to inherent uncertainties.

Under the Company's leases, tenants are typically obligated to indemnify the Company from and against all liabilities, costs, and expenses imposed upon or asserted against it as owner of the properties due to certain matters relating to the operation of the properties by the tenant.

Commitments

The Company has a bonding line of credit for its general contracting construction business and is contingently liable under performance and payment bonds, bonds for cancellation of mechanics liens and defect bonds. Such bonds collectively totaled \$44.9 million and \$40.5 million as of December 31, 2017 and 2016, respectively.

The Operating Partnership has entered into standby letters of credit using the available capacity under the credit facility. The letters of credit relate to the guarantee of future performance on certain of the Company's construction contracts. Letters of credit generally are available for draw down in the event the Company does not perform. As of December 31, 2017 and 2016, the Operating Partnership had total outstanding letters of credit of \$2.1 million and \$4.1 million, respectively. The amounts outstanding at December 31, 2017 and 2016 include a \$2.1 million letter of credit related to the guarantee on the Point Street Apartments senior construction loan.

The Company has five ground leases on four properties with initial terms that range from 20 to 65 years and options to extend up to an additional 40 years in certain cases. The Company also leases automobiles and equipment.

Future minimum rental payments during each of the next five years and thereafter are as follows (in thousands):

2018	\$ 2,260
2019	2,145
2020	2,104
2021	2,057
2022	1,897
Thereafter	89,556
Total	<u>\$ 100,019</u>

Ground rent expense for the years ended December 31, 2017, 2016, and 2015 was \$2.5 million, \$2.0 million and \$1.7 million, respectively.

Concentrations of Credit Risk

The majority of the Company's properties are located in Hampton Roads, Virginia. For the years ended December 31, 2017, 2016, and 2015, rental revenues from Hampton Roads properties represented 53%, 58% and 68%, respectively, of the Company's rental revenues. Many of the Company's Hampton Roads properties are located in the Town Center of Virginia Beach. For the years ended December 31, 2017, 2016, and 2015, rental revenues from Town Center properties represented 38%, 41% and 46%, respectively, of the Company's rental revenues. Rental revenues from Richmond Tower, which the Company sold in January 2016, individually represented 1% and 11% of the Company's rental revenues for the years ended December 31, 2016 and 2015, respectively.

A group of five construction customers comprised 88%, 52%, and 15% of the Company's general contracting and real estate services revenues for the years ended December 31, 2017, 2016, and 2015, respectively. The same customers represented 83%, 43%, and 20% of the Company's general contracting and real estate services segment gross profit for the years ended December 31, 2017, 2016, and 2015, respectively.

19. Selected Quarterly Financial Data (Unaudited)

The following tables summarize certain selected quarterly financial data for 2017 and 2016 (in thousands, except per share data):

	2017 Quarters			
	First	Second	Third	Fourth
Rental revenues	\$ 27,232	\$ 26,755	\$ 27,096	\$ 27,654
General contracting and real estate services revenues	63,519	56,671	41,201	32,643
Net operating income	20,978	20,645	19,397	19,211
Net income	8,753	4,943	10,461	5,768
Net income attributable to stockholders	5,936	3,471	7,488	4,152
Net income per share: basic and diluted	\$ 0.16	\$ 0.08	\$ 0.17	\$ 0.09

	2016 Quarters			
	First	Second	Third	Fourth
Rental revenues	\$ 23,283	\$ 24,251	\$ 25,305	\$ 26,516
General contracting and real estate services revenues	36,803	33,200	38,552	50,475
Net operating income	17,371	17,973	18,393	19,740
Net income	26,533	3,131	7,946	5,145
Net income attributable to stockholders	17,370	2,034	5,212	3,458
Net income per share: basic and diluted	\$ 0.57	\$ 0.06	\$ 0.15	\$ 0.09

SCHEDULE III—Consolidated Real Estate Investments and Accumulated Depreciation
December 31, 2017

	Encumbrance	Initial Cost		Cost Capitalized Subsequent to Acquisition	Gross Carrying Amount			Accumulated Depreciation	Net Carrying Amount(1)	Year of Construction/ Acquisition	
		Building and Improvements			Land	Building and Improvements					Total
		Land	Improvements			Land	Improvements				
Office											
4525 Main Street	\$ 32,034	\$ 982	\$ —	\$ 45,338	\$ 982	\$ 45,338	\$ 46,320	\$ 4,422	\$ 41,898	2014	
Armada Hoffer Tower	— ⁽²⁾	1,976	—	57,887	1,976	57,887	59,863	29,625	30,238	2002	
One Columbus	— ⁽²⁾	960	10,269	8,772	960	19,041	20,001	10,280	9,721	1984	
Two Columbus	— ⁽²⁾	53	—	19,364	53	19,364	19,417	6,941	12,476	2009	
Total office	\$ 32,034	\$ 3,971	\$ 10,269	\$ 131,361	\$ 3,971	\$ 141,630	\$ 145,601	\$ 51,268	\$ 94,333		
Retail											
249 Central Park Retail	\$ 16,851	\$ 712	\$ —	\$ 15,108	\$ 712	\$ 15,108	\$ 15,820	\$ 8,228	\$ 7,592	2004	
Alexander Pointe	— ⁽²⁾	4,050	4,880	58	4,050	4,938	8,988	466	8,522	1997/2016	
Bermuda Crossroads	— ⁽²⁾	5,450	10,641	1,053	5,450	11,694	17,144	2,183	14,961	2001/2013	
Broad Creek Shopping Center	— ⁽²⁾	—	—	15,945	—	15,945	15,945	9,010	6,935	1997-2001	
Broadmoor Plaza	— ⁽²⁾	2,410	9,010	346	2,410	9,356	11,766	881	10,885	1980/2016	
Brooks Crossing	—	117	—	2,213	117	2,213	2,330	88	2,242	2016	
Columbus Village	8,298	7,631	10,135	9	7,631	10,144	17,775	732	17,043	1980/2015	
Columbus Village II	— ⁽²⁾	14,536	10,922	23	14,536	10,945	25,481	520	24,961	1995/2016	
Commerce Street Retail	— ⁽²⁾	118	—	3,220	118	3,220	3,338	1,342	1,996	2008	
Courthouse 7-Eleven	— ⁽²⁾	1,007	—	1,043	1,007	1,043	2,050	163	1,887	2011	
Dick's at Town Center	— ⁽²⁾	67	—	10,572	67	10,572	10,639	3,920	6,719	2002	
Dimmock Square	— ⁽²⁾	5,100	13,126	188	5,100	13,314	18,414	1,254	17,160	1998/2014	
Fountain Plaza Retail	10,145	425	—	7,135	425	7,135	7,560	3,154	4,406	2004	
Gainsborough Square	— ⁽²⁾	2,229	—	7,182	2,229	7,182	9,411	3,206	6,205	1999	
Greentree Shopping Center	—	1,103	—	4,018	1,103	4,018	5,121	513	4,608	2014	
Hanbury Village	19,503 ⁽²⁾	3,793	—	19,342	3,793	19,342	23,135	6,344	16,791	2006	
Harper Hill Commons	— ⁽²⁾	2,840	8,510	93	2,840	8,603	11,443	608	10,835	2004/2016	
Harrisonburg Regal	—	1,554	—	4,148	1,554	4,148	5,702	1,989	3,713	1999	
Lightfoot Marketplace	10,500	7,628	—	14,714	7,628	14,714	22,342	794	21,548	2016	
North Hampton Market	— ⁽²⁾	7,250	10,210	401	7,250	10,611	17,861	953	16,908	2004/2016	
North Point Center	12,030 ⁽²⁾	1,936	—	25,417	1,936	25,417	27,353	12,652	14,701	1998	
Oakland Marketplace	— ⁽²⁾	1,850	3,370	26	1,850	3,396	5,246	584	4,662	2004/2016	
Parkway Marketplace	— ⁽²⁾	1,150	—	3,664	1,150	3,664	4,814	1,776	3,038	1998	
Patterson Place	— ⁽²⁾	15,059	20,180	231	15,059	20,411	35,470	1,353	34,117	2004/2016	
Perry Hall Marketplace	— ⁽²⁾	3,240	8,316	383	3,240	8,699	11,939	872	11,067	2001/2015	
Providence Plaza	— ⁽²⁾	9,950	12,369	670	9,950	13,039	22,989	937	22,052	2007/2015	

Renaissance Place	—	(2)	6,730	8,439	89	6,730	8,528	15,258	335	14,923	2008/2016
Sandbridge Commons	8,468		4,825	—	7,285	4,825	7,285	12,110	839	11,271	2015
Socastee Commons	4,771		2,320	5,380	121	2,320	5,501	7,821	530	7,291	2000/2015
South Retail	7,394		190	—	7,635	190	7,635	7,825	3,964	3,861	2002
South Square	—	(2)	14,130	12,670	164	14,130	12,834	26,964	953	26,011	1977/2016
Southgate Square	20,708		8,890	25,950	249	8,890	26,199	35,089	1,467	33,622	1991/2016
Southshore Shops	—	(2)	1,770	6,509	16	1,770	6,525	8,295	289	8,006	2006/2016
Stone House Square	—	(2)	6,360	16,350	277	6,360	16,627	22,987	1,548	21,439	2008/2015
Studio 56 Retail	—	(2)	76	—	2,475	76	2,475	2,551	825	1,726	2007
Tyre Neck Harris Teeter	—	(2)	—	—	3,306	—	3,306	3,306	923	2,383	2011
Waynesboro Commons	—	(2)	1,300	1,610	47	1,300	1,657	2,957	385	2,572	1993/2016
Wendover Village	—	(2)	18,260	21,700	52	18,260	21,752	40,012	1,100	38,912	2004/2016-2017
Total retail	\$ 118,668		\$ 166,056	\$ 220,277	\$ 158,918	\$ 166,056	\$ 379,195	\$ 545,251	\$ 77,680	\$ 467,571	
Multifamily											
Encore Apartments	\$ 24,966		\$ 1,293	—	\$ 30,183	\$ 1,293	\$ 30,183	\$ 31,476	\$ 3,033	\$ 28,443	2014
Harding Place	3,874		5,706	—	22,997	5,706	22,997	28,703	—	28,703	(3)
Johns Hopkins Village	46,698		—	—	69,229	—	69,229	69,229	3,107	66,122	2016
King Street	—		7,276	—	5,452	7,276	5,452	12,728	—	12,728	(3)
Liberty Apartments	14,694		3,580	23,494	1,407	3,580	24,900	28,480	3,456	25,024	2013/2014
Meeting Street	—		7,265	—	6,372	7,265	6,372	13,637	—	13,637	(3)
Smith's Landing	19,764		—	35,105	1,765	—	36,870	36,870	5,613	31,257	2009/2013
The Cosmopolitan	45,209		985	—	57,504	985	57,504	58,489	20,364	38,125	2006
Town Center Phase VI	1,505		965	—	22,328	965	22,328	23,293	—	23,293	(3)
Total multifamily	\$ 156,710		\$ 27,070	\$ 58,599	\$ 217,237	\$ 27,070	\$ 275,835	\$ 302,905	\$ 35,573	\$ 267,332	
Held for development	\$ —		\$ 680	\$ —	\$ —	\$ 680	\$ —	\$ 680	\$ —	\$ 680	
Real estate investments	\$ 307,412		\$ 197,777	\$ 289,145	\$ 507,516	\$ 197,777	\$ 796,660	\$ 994,437	\$ 164,521	\$ 829,916	

(1) The net carrying amount of real estate for federal income tax purposes was \$698.1 million as of December 31, 2017.

(2) Borrowing base collateral for the credit facility as of December 31, 2017.

(3) Construction in progress as of December 31, 2017.

Income producing property is depreciated on a straight-line basis over the following estimated useful lives:

Buildings	39 years
Capital improvements	15—20 years
Equipment	5—15 years
Tenant improvements	Term of the related lease
	(or estimated useful life, if shorter)

	Real Estate		December 31,				Accumulated	
	Investments						Depreciation	
	2017	2016	2017	2016	2017	2016		
Balance at beginning of the year	\$ 908,287	\$ 633,591	\$ 139,553	\$ 125,380				
Construction costs and improvements	84,142	56,630	—	—				
Acquisitions	12,760	248,987	—	—				
Dispositions	(10,146)	(30,467)	(1,006)	(352)				
Reclassifications	(606)	(454)	—	(8,928)				
Depreciation	—	—	25,974	23,453				
Balance at end of the year	\$ 994,437	\$ 908,287	\$ 164,521	\$ 139,553				

CORPORATE INFORMATION

BOARD OF DIRECTORS

DANIEL A. HOFFLER

Executive Chairman of the Board

JOHN W. SNOW

Lead Independent Director

JAMES C. CHERRY

Independent Director

A. RUSSELL KIRK

Vice Chairman of the Board

GEORGE F. ALLEN

Independent Director

EVA S. HARDY

Independent Director

LOUIS S. HADDAD

President and Chief Executive Officer

JAMES A. CARROLL

Independent Director

EXECUTIVE MANAGEMENT

LOUIS S. HADDAD

President and Chief Executive Officer

ERIC L. SMITH

Chief Operating Officer

MICHAEL P. O'HARA

Chief Financial Officer and Treasurer

ERIC E. APPERSON

President of Construction

SHELLY R. HAMPTON

President of Asset Management

SHAREHOLDER INFORMATION

CORPORATE OFFICE

Armada Hoffler Properties
222 Central Park Avenue, Suite 2100
Virginia Beach, VA 23462
757.366.4000
www.ArmadaHoffler.com

TRANSFER AGENT

Broadridge
2 Journal Square, 7th Floor
Jersey City, NJ 07306
201.714.3800

INVESTOR SERVICES

If you have questions regarding security ownership or would like to request printed information, please contact Michael O'Hara at MOHara@ArmadaHoffler.com or call 757.383.9338.

**INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP
The Edgeworth Building
2100 East Cary Street, Suite 201
Richmond, VA 23223
804.344.6000





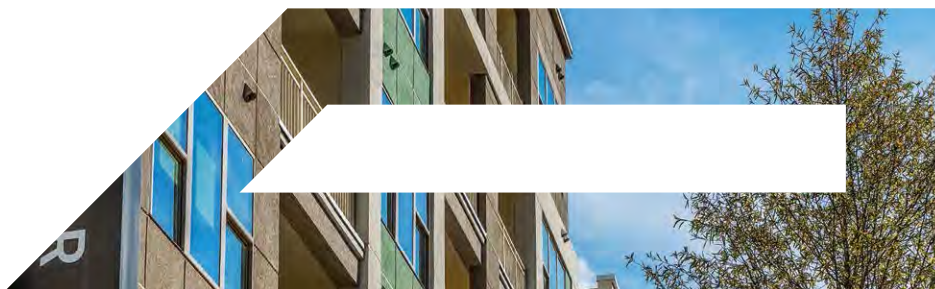
ARMADA HOFFLER PROPERTIES

222 Central Park Avenue, Suite 2100 | Virginia Beach, VA 23462 | 757.366.4000
www.ArmadaHoffer.com



2018

ANNUAL REPORT



AHH
LISTED
NYSE

ARMADA HOFFLER PROPERTIES

Forty years



Armada Hoffler Properties, Inc. (NYSE: AHH) is a vertically-integrated, self-managed real estate investment trust (“REIT”) with four decades of experience developing, building, acquiring, and managing high-quality, institutional-grade office, retail, and multifamily properties located primarily in the Mid-Atlantic and Southeastern United States. In addition to developing and building properties for its own account, the Company also provides development and general contracting construction services to third-party clients. Founded in 1979 by Daniel A. Hoffler, the Company has elected to be taxed as a REIT for U.S. federal income tax purposes.

In the late 1970's, Daniel A. Hoffler recognized both the lack of supply and the increasing demand for flex office and warehouse space in Chesapeake, VA. In October 1979, Mr. Hoffler presented his real estate development plan to a Texas-based oil company, Armada Petroleum. He left that meeting with a \$2.5 million check that became the seed money for his newly formed company, Armada Hoffler. With his vision, Mr. Hoffler created a business culture that quickly vaulted the Company into one of the premier commercial real estate firms on the East Coast. Today, he continues to serve as Executive Chairman of the Board of Directors. While Armada Petroleum no longer holds an ownership stake in what is now Armada Hoffler Properties, its initial investment and role in the Company's founding are still recognized today in the Company's name.

1979

- **Daniel A. Hoffler Launches Armada Hoffler**

**Armada Hoffler Construction
Company Established**

1982

- ◀ Mr. Hoffler soon recognized that cost overruns and schedule delays posed significant risks in real estate development. In order to mitigate those risks, Mr. Hoffler founded Armada Hoffler Construction Company to serve as the general contractor for the Company's projects. Built on a foundation of trust and a reputation for integrity and quality, Armada Hoffler Construction Company has since grown into one of the largest general contractors in the country. Primarily through repeat business with long-term clients, Armada Hoffler Construction Company has developed and built more than 25 million square feet of commercial real estate with a market value in excess of \$3 billion.

When Armada Hoffler broke ground on the 23-story hotel and convention center in May of 1990, some said it couldn't be done. That the spectacular, \$62 million project could not be completed by November 1991. Not only did Armada Hoffler complete the project, but they did it ahead of schedule and the hotel opened for business as planned on November 17, 1991.

1991

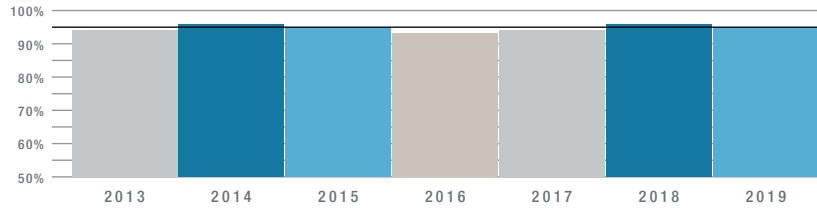
- **Norfolk Waterside Marriott Hotel and Convention Center Built in Record Time**



AHH PERFORMANCE SINCE IPO

TOTAL SHAREHOLDER RETURN
VS. MSCI US REIT INDEX

70%
vs.
28%

CORE OPERATING
PORTFOLIO OCCUPANCY⁽¹⁾

(1) Actual as of 12/31; projected as of 12/31/19

NET ASSET VALUE
PER SHARE*

37%
GROWTH

(\$15.70 at 12/31/18)

*Source: Sell-Side Research Analyst Estimates

NORMALIZED
FFO PER SHARE

26%
GROWTH

(\$1.03 at 12/31/18)

COMMON STOCK
DIVIDENDS PER SHARE

31%
GROWTH

(\$0.84 in 2019)

Armada Hoffer Construction Company establishes a longstanding relationship with clients looking to redevelop Baltimore's Harbor East area, the last stretch of developable land on the City's waterfront. Over the next two decades, this business relationship would result in more than \$1.5 billion worth of construction business for Armada Hoffer and continues today with the Harbor Point development.

1995

► Construction at Harbor East Begins

Armada Hoffer Breaks Ground on Town Center ◀

2000

In the summer of 2000, the City of Virginia Beach and Armada Hoffer embarks on a multi-decade, public-private partnership to create an urban core for the largest city in the Commonwealth of Virginia. To date, the ongoing mixed-use development provides an open-air, pedestrian-friendly live-work-play environment for citizens and visitors to enjoy. Town Center now features 460,000 SF of retail space, 800,000 SF of office space, 5,000 free parking spaces, 759 apartment units, 410 hotel rooms, 30,000 SF of conference space, a 1,200 seat performing arts theater, a 300 seat performing arts theater, 110+ commercial tenants and 25+ restaurants and cafés.





Company Headquarters Moves to Virginia Beach

2003

◀ Upon completion of the first phase of development in the Town Center of Virginia Beach, the Company moves its corporate headquarters to The Armada Hoffer Tower, which was at the time, the third tallest building in the Commonwealth of Virginia. To this day, the Company maintains its corporate headquarters in heart of the City's Central Business District.

In partnership with the Kingdom of Sweden, Armada Hoffer completes the House of Sweden in Washington, DC. Home to the Embassy of Sweden, this 120,000 SF building is a stunning example of contemporary architecture with distinctive Scandinavian style. House of Sweden sits along the Potomac River in the heart of Georgetown and offers panoramic views of the river, Kennedy Center, Air Force Memorial, and the Watergate Complex.

2008

▶ **House of Sweden (Swedish Embassy), Washington, DC**

Williams Mullen Center, Richmond, VA

2010

◀ In the midst of the financial crisis, Armada Hoffer completes the new Williams Mullen Center in downtown Richmond. Located at the corner of 10th and Canal Streets, this 15-story office tower offers 200,000 SF of Class A office space and 5,500 SF of first-floor retail space. Williams Mullen, a prominent law firm in the Mid-Atlantic region, agrees to lease the majority of the office space in the building.

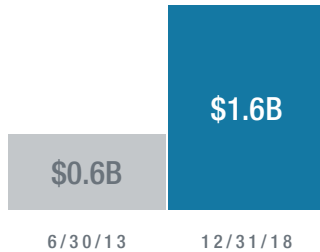


MY FELLOW

Shareholders

ENTERPRISE VALUE
SINCE IPO

167%
GROWTH



We expected that 2018 would be another strong year in all aspects of our business. I am proud to report that Armada Hoffler Properties has delivered on that promise and produced another impressive year of growth in 2018. With increases in occupancy, same store NOI, per share earnings, and dividends, 2018 was by each of these measures, a success.

Our Company was founded in 1979 by Daniel A. Hoffler. As we celebrate our 40th birthday, we take a good deal of pride in achieving a milestone of longevity not often seen in the commercial real estate business. Over the years, we've earned a reputation for integrity, consistency, and professionalism, traits that are the foundation of our success. So, before looking ahead to 2019, let's reflect on this past year, the latest in these nearly **40 years of success**.

Armada Hoffler Properties Goes Public

2013

On May 8, 2013, shares of Armada Hoffler Properties, Inc. began trading on the New York Stock Exchange under the ticker symbol "AHH."



On November 30, 2016, Armada Hoffler Properties was added to the MSCI US REIT Index. The MSCI US REIT Index is a free float-adjusted market capitalization weighted index that is comprised of equity Real Estate Investment Trusts (REITs).

2016

► Added to the MSCI US
REIT Index

ARMADA HOFFLER
WE BUILD TRUST

DELIVERING RESULTS

Specifically, in 2018 we:

- increased occupancy in our core operating property portfolio to nearly 96%,
- increased same store NOI on both a GAAP and cash basis,
- increased Normalized FFO per share over 4%,
- increased our dividend over 5%, and
- outperformed the MSCI US REIT Index.

Armada Hoffler Properties has provided outstanding absolute and relative shareholder returns since our IPO in 2013. As of December 31, 2018, total shareholder return since our IPO was over 70% compared to the MSCI US REIT Index total return of less than 28%.

STRATEGY

Our goal is simple—to create long-term shareholder value through consistent growth in Normalized FFO per share and therefore, our dividend, all while conservatively managing the balance sheet.

Our strategy to achieve these goals remains the same as it has for these past four decades:

- Develop and invest in the highest quality real estate in high barrier-to-entry locations in order to maintain high occupancy and achieve premium rental rates through varying economic cycles.
- Maintain full-service capabilities across the real estate spectrum—development, construction, and asset management—in order to execute on all types of opportunities throughout the investment cycle.
- Capitalize on public-private partnership, joint venture, acquisition, and disposition opportunities.
- Create value and maximize the wholesale-to-retail spread in our projects by controlling both costs and schedule with our development and construction expertise.
- Maintain a strong balance sheet in order to provide both consistent access to cost-effective capital and the flexibility to make opportunistic investments.

On June 19, 2017, Armada Hoffler Properties was added to the S&P SmallCap 600 Index. The S&P SmallCap 600 measures the small-cap segment of the U.S. equity market. It consists of 600 domestic stocks selected by Standard & Poor's Index Committee based on specific eligibility criteria such as market capitalization, liquidity, and financial viability.

2017

► **Added to the S&P SmallCap 600 Index**

\$1 Billion Equity Market Capitalization

◀ Armada Hoffler Properties reaches \$1 billion in equity market cap.

2018

2019—Celebrating 40 Years of Success

2019

ARMADA HOFFLER

P R O P E R T I E S

DEVELOPMENT

On the development front, we delivered Premier, the latest phase of the Town Center of Virginia Beach and the most recent chapter in our ongoing public-private partnership with the City of Virginia Beach. We delivered the initial apartment units at Greenside in Charlotte and will have completed construction by the time you read this letter. We also delivered the office and retail components of One City Center in downtown Durham and expect to be fully stabilized by the middle of 2019.

This past year saw a number of construction starts: Wills Wharf in the Harbor Point area of Baltimore's Inner Harbor, the office building at Brooks Crossing in Newport News, VA anchored by Huntington Ingalls Industries, and Market at Mill Creek in Mount Pleasant, SC anchored by a new Lowes Foods grocery store.

We ended the year by announcing several significant new investments: Nexton Square in Summerville, SC as well as Interlock and Solis Interlock in West Midtown Atlanta. With over half a billion dollars of investment in various stages of development and over \$165 million in third-party construction backlog, we believe that our Company is poised for continued growth into next year and over the next few years.

BALANCE SHEET

This past year, we increased the capacity under our credit facility to \$330 million and raised over \$65 million through our at-the-market equity offering program, taking advantage of favorable market conditions. Core Debt to Core EBITDA was a healthy 6.5x at the end of the year. Our conservative and prudent approach to managing our balance sheet provides us the ability to not only withstand market uncertainty, but also the capability to grow.

LOOKING AHEAD TO 2019

We anticipated that our activities over the course of 2018 would build a solid foundation for significantly higher earnings in 2019 and beyond. With projected per share earnings growth of over 10% in 2019, we intend to deliver on that assertion. We expect portfolio NOI to climb by over 50% from 2018 levels when the current development projects are fully stabilized. Furthermore, our other ancillary lines of business—third-party construction profits, build-to-suit asset sales, and mezzanine interest income—will continue to augment earnings and decrease the need for external capital. We look forward to building on our past success and continuing to create value for you, our shareholders.

GRATITUDE

Of course, our past and future success is only possible because of the talent and loyalty of the people on our team. Your executive management team averages nearly 25 years of service to the Company and the average employee tenure across the organization is almost 10 years. That kind of institutional knowledge and commitment to culture is irreplaceable. To each of our employees, thank you for your hard work, loyalty, and dedication.

Thanks to each of our partners for placing your trust in us and contributing to our collective success. Thanks to our Board of Directors for your counsel, oversight, and guidance. Finally, thanks to you, our shareholders, for your continued trust and support.

Sincerely,

Louis S. Haddad

President and Chief Executive Officer

Company Pride

9.5 yrs

Average Employee
Tenure

16%

of the Company Is
Owned by Management

75%

of Employees are
Shareholders



2018

NYSE | AHH

HIGHLIGHTS

ASSET MANAGEMENT

High Occupancy

Consistent Cash Flow

96%
CORE PORTFOLIO
OCCUPANCY

as of December 31, 2018



Town Center
Virginia Beach, VA



One City Center
Durham, NC



Greenside
Charlotte, NC

DEVELOPMENT

Growth Pipeline

Wholesale Equity Creation

\$545 MILLION
UNDER
DEVELOPMENT

as of December 31, 2018

CONSTRUCTION

Fee Income

Reduced Development Risk

\$6.1 MILLION*
SEGMENT
GROSS PROFIT

*Includes gain on non-operating
real estate of \$3.4 million.



2018

FORM 10-K



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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2018

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission file number 001-35908

ARMADA HOFFLER PROPERTIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland

(State or Other Jurisdiction of
Incorporation or Organization)

46-1214914

(IRS Employer
Identification No.)

222 Central Park Avenue, Suite 2100

Virginia Beach, Virginia

(Address of Principal Executive Offices)

23462

(Zip Code)

Registrant's Telephone Number, Including Area Code (757) 366-4000
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Common Stock, \$0.01 par value per share

Name Of Each Exchange On Which Registered

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 29, 2018, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$716.0 million, based on the closing sales price of \$14.90 per share as reported on the New York Stock Exchange. (For purposes of this calculation all of the registrant's directors and executive officers are deemed affiliates of the registrant.)

As of February 26, 2019, the registrant had 50,335,242 shares of common stock outstanding. In addition, as of February 26, 2019, Armada Hoffler, L.P., the registrant's operating partnership subsidiary (the "Operating Partnership"), had 16,991,933 units of limited partnership interest ("OP Units") outstanding (other than OP Units held by the registrant). Based on the 50,335,242 shares of common stock and 16,991,933 OP Units held by limited partners other than the registrant, the registrant had a total equity market capitalization of \$1,038,185,039 as of February 26, 2019 (based on the closing sales price of \$15.42 on the New York Stock Exchange on such date).

Documents Incorporated by Reference

Portions of the registrant's Definitive Proxy Statement relating to its 2019 Annual Meeting of Stockholders are incorporated by reference into Part III of this report. The registrant expects to file its Definitive Proxy Statement with the Securities and Exchange Commission within 120 days after December 31, 2018.

Armada Hoffler Properties, Inc.
Form 10-K
For the Fiscal Year Ended December 31, 2018

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. This report contains forward-looking statements within the meaning of the federal securities laws. We caution investors that any forward-looking statements presented in this report, or which management may make orally or in writing from time to time, are based on beliefs and assumptions made by, and information currently available to, management. When used, the words “anticipate,” “believe,” “expect,” “intend,” “may,” “might,” “plan,” “estimate,” “project,” “should,” “will,” “result” and similar expressions, which do not relate solely to historical matters, are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties, and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties, and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. We caution you that while forward-looking statements reflect our good faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law. Accordingly, investors should use caution in relying on past forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Forward-looking statements involve numerous risks and uncertainties, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data, or methods which may be incorrect or imprecise, and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- adverse economic or real estate developments, either nationally or in the markets in which our properties are located;
- our failure to develop the properties in our development pipeline successfully, on the anticipated timelines, or at the anticipated costs;
- our failure to generate sufficient cash flows to service our outstanding indebtedness;
- defaults on, early terminations of, or non-renewal of leases by tenants, including significant tenants;
- bankruptcy or insolvency of a significant tenant or a substantial number of smaller tenants;
- the inability of one or more mezzanine loan borrowers to repay mezzanine loans in accordance with their contractual terms;
- difficulties in identifying or completing development, acquisition, or disposition opportunities;
- our failure to successfully operate developed and acquired properties;
- our failure to generate income in our general contracting and real estate services segment in amounts that we anticipate;
- fluctuations in interest rates and increased operating costs;
- our failure to obtain necessary outside financing on favorable terms or at all;
- our inability to extend the maturity of or refinance existing debt or comply with the financial covenants in the agreements that govern our existing debt;
- financial market fluctuations;
- risks that affect the general retail environment or the market for office properties or multifamily units;
- the competitive environment in which we operate;
- decreased rental rates or increased vacancy rates;

- conflicts of interests with our officers and directors;
- lack or insufficient amounts of insurance;
- environmental uncertainties and risks related to adverse weather conditions and natural disasters;
- other factors affecting the real estate industry generally;
- our failure to maintain our qualification as a real estate investment trust (“REIT”) for U.S. federal income tax purposes;
- limitations imposed on our business and our ability to satisfy complex rules in order for us to maintain our qualification as a REIT for U.S. federal income tax purposes;
- changes in governmental regulations or interpretations thereof, such as real estate and zoning laws and increases in real property tax rates and taxation of REITs; and
- potential negative impacts from the recent changes to the U.S. tax laws.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events, or other changes after the date of this Annual Report on Form 10-K, except as required by applicable law. We caution investors not to place undue reliance on these forward-looking statements. For a further discussion of these and other factors that could impact our future results, performance, or transactions, see the risk factors described in Item 1A herein and in other documents that we file from time to time with the Securities and Exchange Commission (the “SEC”).

PART I

Item 1. Business.

Our Company

References to “we,” “our,” “us,” and “our company” refer to Armada Hoffler Properties, Inc., a Maryland corporation, together with our consolidated subsidiaries, including Armada Hoffler, L.P., a Virginia limited partnership (the “Operating Partnership”), of which we are the sole general partner.

We are a full-service real estate company with extensive experience developing, building, owning, and managing high-quality, institutional-grade office, retail, and multifamily properties in attractive markets primarily throughout the Mid-Atlantic and Southeastern United States. In addition to the ownership of our operating property portfolio, we develop and build properties for our own account and through joint ventures between us and unaffiliated partners and also invest in development projects through mezzanine lending arrangements. We also provide general contracting services to third parties. Our construction and development experience includes mid- and high-rise office buildings, retail strip malls and retail power centers, multifamily apartment communities, hotels and conference centers, single- and multi-tenant industrial, distribution, and manufacturing facilities, educational, medical and special purpose facilities, government projects, parking garages, and mixed-use town centers. Our third-party construction contracts have included signature properties across the Mid-Atlantic region, such as the Inner Harbor East development in Baltimore, Maryland, including the Four Seasons Hotel and Legg Mason office tower, the Mandarin Oriental Hotel in Washington, D.C., and a \$50.0 million proton therapy institute for Hampton University in Hampton, Virginia. Our construction company historically has been ranked among the “Top 400 General Contractors” nationwide by Engineering News Record and has been ranked among the “Top 50 Retail Contractors” by Shopping Center World.

We were formed on October 12, 2012 under the laws of the State of Maryland and are headquartered in Virginia Beach, Virginia. We elected to be taxed as a REIT for U.S. federal income tax purposes commencing with the taxable year ended December 31, 2013. Substantially all of our assets are held by, and all of our operations are conducted through, our Operating Partnership. As of December 31, 2018, we owned, through a combination of direct and indirect interests, 74.5% of the units of limited partnership interest in our Operating Partnership (“OP Units”).

2018 Highlights

The following highlights our results of operations and significant transactions for the year ended December 31, 2018:

- Net income of \$23.5 million, or \$0.36 per diluted share, compared to \$29.9 million, or \$0.50 per diluted share, for the year ended December 31, 2017.
- Funds from operations (“FFO”) of \$64.3 million, or \$0.99 per diluted share, compared to \$59.7 million, or \$0.99 per diluted share, for the year ended December 31, 2017.
- Normalized FFO of \$66.5 million, or \$1.03 per diluted share, compared to \$59.3 million, or \$0.99 per diluted share, for the year ended December 31, 2017.
- Property segment net operating income (“NOI”) of \$78.4 million compared to \$72.8 million for the year ended December 31, 2017:
 - Office NOI of \$12.8 million compared to \$11.9 million
 - Retail NOI of \$50.3 million compared to \$46.7 million
 - Multifamily NOI of \$15.3 million compared to \$14.2 million
- Same store NOI of \$59.0 million compared to \$58.5 million for the year ended December 31, 2017:
 - Office same store NOI of \$8.6 million compared to \$8.4 million
 - Retail same store NOI of \$43.5 million compared to \$43.5 million
 - Multifamily same store NOI of \$6.9 million compared to \$6.6 million

- Stabilized portfolio occupancy by segment, as of December 31, 2018 compared to December 31, 2017:
 - Office occupancy at 93.3% compared to 89.9%
 - Retail occupancy at 96.2% compared to 96.5%
 - Multifamily occupancy at 97.3% compared to 92.9%
- Completed the sale of the new build-to-suit distribution facility in Richmond, Virginia for \$25.9 million, resulting in a gain of \$3.4 million.
- Sold our at-cost purchase option to the developer of The Residences at Annapolis Junction for \$5.0 million and received \$11.1 million as partial repayment on the Company's outstanding mezzanine loan.
- Added \$192.9 million in new contracts to third-party construction backlog.
- Raised \$66.5 million of gross proceeds through our at-the-market equity offering program at an average price of \$14.39 per share.
- Began a new development project at Wills Wharf, a site in the Harbor Point area of Baltimore, Maryland. We plan to develop a 325,000 square foot mixed-use building with an estimated development cost of \$119 million.
- Closed on our initial investment in the office, retail, and apartment components of The Interlock, a new mixed-use development in West Midtown Atlanta. The Company has agreed to invest up to \$65 million of principal through a mezzanine loan on the commercial office and retail portions of the project as well as another \$23 million of principal through a mezzanine loan on the multifamily apartment component of the project. In addition to providing development services, the Company will also serve as the general contractor for the majority of the project.
- Closed on our investment in Nexton Square, a new open-air lifestyle center under construction in Summerville, South Carolina. The Company has agreed to invest approximately \$15 million of principal through a mezzanine loan as well as provide construction management and development services to the project. The Company also holds an option to purchase the project upon completion.
- Completed the acquisitions of:
 - Indian Lakes Crossing, a Harris Teeter-anchored center in Virginia Beach, Virginia
 - Parkway Centre, a Publix-anchored center in Moultrie, Georgia
 - Lexington Square, a new Lowes Foods-anchored retail center near Columbia, South Carolina.
- Completed the disposition of the Wawa parcel at Indian Lakes Crossing.
- Declared cash dividends of \$0.80 per share compared to \$0.76 per share for the year ended December 31, 2017.

For definitions and discussion of FFO, Normalized FFO, NOI, and same store NOI, see the sections below entitled "Item 6. Selected Financial Data" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our Competitive Strengths

We believe that we distinguish ourselves from other REITs through the following competitive strengths:

- *High-Quality, Diversified Portfolio.* Our portfolio consists of institutional-grade, premier office, retail, and multifamily properties located primarily in Virginia, Maryland, North Carolina, South Carolina, and Georgia. Our properties are generally in the top tier of commercial properties in their markets and offer Class-A amenities and finishes.
- *Seasoned, Committed and Aligned Senior Management Team with a Proven Track Record.* Our senior management team has extensive experience developing, constructing, owning, operating, renovating, and financing institutional-grade office, retail, multifamily, and hotel properties in the Mid-Atlantic and Southeastern regions. As of December 31, 2018, our named executive officers and directors collectively

owned approximately 15% of our company on a fully diluted basis, which we believe aligns their interests with those of our stockholders.

- *Strategic Focus on Attractive Mid-Atlantic and Southeastern Markets.* We focus our activities in our target markets in the Mid-Atlantic and Southeastern regions of the United States that demonstrate attractive fundamentals driven by favorable supply and demand characteristics and limited competition from other large, well-capitalized operators. We believe that our longstanding presence in our target markets provides us with significant advantages in sourcing and executing development opportunities, identifying and mitigating potential risks, and negotiating attractive pricing.
- *Extensive Experience with Construction and Development.* Our platform consists of development, construction, and asset management capabilities, which comprise an integrated delivery system for every project that we build for our own account or for third-party clients. This integrated approach provides a single source of accountability for design and construction, simplifies coordination and communication among the relevant stakeholders in each project and provides us valuable insight from an operational perspective. We believe that being regularly engaged in construction and development projects provides us significant and distinct advantages, including enhanced market intelligence, greater insight into best practices, enhanced operating leverage, and “first look” access to development and ownership opportunities in our target markets. We also use mezzanine lending arrangements, which may enable us to acquire completed development projects at prices that are below market or at cost and may enable us to realize greater profit in the development process.
- *Longstanding Public and Private Relationships.* We have extensive experience with public/private real estate development projects dating back to 1984, having worked with the Commonwealth of Virginia, the State of Georgia, and the Kingdom of Sweden, as well as various municipalities. Through our experience and longstanding relationships with governmental entities such as these, we have learned to successfully navigate the often complex and time-consuming government approval process, which has given us the ability to capture opportunities that we believe many of our competitors are unable to pursue.

Our Business and Growth Strategies

Our primary business objectives are to: (i) continue to develop, build and own institutional-grade office, retail, and multifamily properties in our target markets, (ii) finance and operate our portfolio in a manner that increases cash flow and property values, (iii) execute new third-party construction work with consistent operating margins, and (iv) pursue selective acquisition opportunities, particularly when the acquisition involves a significant redevelopment aspect. We will seek to achieve our objectives through the following strategies:

- *Pursue a Disciplined, Opportunistic Development and Acquisition Strategy Focused on Office, Retail, and Multifamily Properties.* We intend to continue to grow our asset base through continued strategic development of office, retail, and multifamily properties, and the selective acquisition of high-quality properties that are well-located in their submarkets. Furthermore, we believe our construction and development expertise provides a high level of quality control while ensuring that the projects we construct and develop are completed more quickly and at a lower cost than if we engaged a third-party general contractor.
- *Pursue New, and Expand Existing, Public/Private Relationships.* We intend to continue to leverage our extensive experience in completing large, complex, mixed-use, public/private projects to establish relationships with new public partners while expanding our relationships with existing public partners.
- *Leverage our Construction and Development Platform to Attract Additional Third-Party Clients.* We believe that we have a unique advantage over many of our competitors due to our integrated construction and development business that provides expertise, oversight, and a broad array of client-focused services. We intend to continue to conduct and grow our construction business and other third-party services by pursuing new clients and expanding our relationships with existing clients. We also intend to continue to use our mezzanine lending program to leverage our development and construction expertise in serving clients.
- *Engage in Disciplined Capital Recycling.* We intend to opportunistically divest properties when we believe returns have been maximized and to redeploy the capital into new development, acquisition, repositioning, or redevelopment projects that are expected to generate higher potential risk-adjusted returns.

Our Properties

The following table sets forth certain information regarding our stabilized portfolio as of December 31, 2018. We generally consider a property to be stabilized when it reaches 80% occupancy or thirteen quarters after the property receives its certificate of occupancy:

			Ownership	Net Rentable		ABR per	
Property	Location	Year Built	Interest	Square Feet ⁽¹⁾	Occupancy ⁽²⁾	ABR ⁽³⁾	Leased SF ⁽³⁾
Retail Properties							
249 Central Park Retail ⁽⁴⁾	Virginia Beach, VA	2004	100%	92,710	97.9 %	\$ 2,597,881	\$ 28.63
Alexander Pointe	Salisbury, NC	1997	100%	57,710	95.1 %	636,019	11.58
Bermuda Crossroads ⁽⁶⁾	Chester, VA	2001	100%	122,566	98.4 %	1,713,928	14.22
Broad Creek Shopping Center ⁽⁶⁾⁽¹¹⁾	Norfolk, VA	1997/2001	100%	121,504	95.5 %	2,046,360	17.63
Broadmoor Plaza	South Bend, IN	1980	100%	115,059	96.5 %	1,356,291	12.21
Columbus Village ⁽⁶⁾	Virginia Beach, VA	1980/2013	100%	62,362	100.0 %	1,422,244	22.81
Columbus Village II	Virginia Beach, VA	1995/1996	100%	92,061	96.7 %	1,595,334	17.92
Commerce Street Retail ⁽⁵⁾	Virginia Beach, VA	2008	100%	19,173	100.0 %	863,799	45.05
Courthouse 7-Eleven	Virginia Beach, VA	2011	100%	3,177	100.0 %	139,311	43.85
Dick's at Town Center	Virginia Beach, VA	2002	100%	103,335	100.0 %	1,251,255	12.11
Dimmock Square	Colonial Heights, VA	1998	100%	106,166	97.2 %	1,768,353	17.14
Fountain Plaza Retail	Virginia Beach, VA	2004	100%	35,961	100.0 %	1,019,584	28.35
Gainsborough Square	Chesapeake, VA	1999	100%	88,862	92.5 %	1,261,426	15.35
Greentree Shopping Center	Chesapeake, VA	2014	100%	15,719	83.7 %	266,752	20.28
Hanbury Village ⁽⁶⁾	Chesapeake, VA	2006/2009	100%	116,635	98.6 %	2,486,153	21.61
Harper Hill Commons ⁽⁶⁾	Winston-Salem, NC	2004	100%	96,914	85.4 %	942,167	11.38
Harrisonburg Regal	Harrisonburg, VA	1999	100%	49,000	100.0 %	683,550	13.95
Indian Lakes Crossing	Virginia Beach, VA	2008	100%	64,973	95.0 %	839,174	13.60
Lexington Square	Lexington, SC	2017	100%	85,531	93.3 %	1,698,782	21.29
Lightfoot Marketplace ⁽⁶⁾⁽⁷⁾	Williamsburg, VA	2016	70%	124,735	85.6 %	1,819,389	17.03
North Hampton Market	Taylors, SC	2004	100%	114,935	100.0 %	1,473,083	12.82
North Point Center ⁽⁶⁾	Durham, NC	1998/2009	100%	494,746	100.0 %	3,812,818	7.71
Oakland Marketplace ⁽⁶⁾	Oakland, TN	2004	100%	64,538	100.0 %	475,387	7.37
Parkway Centre	Moultrie, GA	2017	100%	61,200	98.0 %	809,016	13.48
Parkway Marketplace	Virginia Beach, VA	1998	100%	37,804	100.0 %	770,911	20.39
Patterson Place	Durham, NC	2004	100%	160,942	94.6 %	2,384,886	15.67
Perry Hall Marketplace	Perry Hall, MD	2001	100%	74,256	100.0 %	1,261,436	16.99
Providence Plaza	Charlotte, NC	2007/2008	100%	103,118	97.5 %	2,699,780	26.86
Renaissance Square	Davidson, NC	2008	100%	80,467	88.0 %	1,220,638	17.23
Sandbridge Commons ⁽⁶⁾	Virginia Beach, VA	2015	100%	69,417	100.0 %	915,773	13.74
Socastee Commons	Myrtle Beach, SC	2000/2014	100%	57,273	96.7 %	630,451	11.39
Southgate Square	Colonial Heights, VA	1991/2016	100%	220,131	89.7 %	2,699,553	13.68
Southshore Shops	Midlothian, VA	2006	100%	40,333	93.2 %	768,665	20.44
South Retail	Virginia Beach, VA	2002	100%	38,515	100.0 %	967,788	25.13
South Square ⁽⁶⁾	Durham, NC	1977/2005	100%	109,590	95.3 %	1,790,877	17.14
Stone House Square ⁽⁶⁾	Hagerstown, MD	2008	100%	112,274	93.1 %	1,787,198	17.10
Studio 56 Retail	Virginia Beach, VA	2007	100%	11,594	84.8 %	419,296	42.65
Tyre Neck Harris Teeter ⁽⁶⁾⁽¹¹⁾	Portsmouth, VA	2011	100%	48,859	100.0 %	533,052	10.91
Wendover Village	Greensboro, NC	2004	100%	171,653	99.1 %	3,154,273	18.54
Total / Weighted Average				3,645,798	96.2%	\$ 54,982,633	\$ 15.68

			Ownership	Net Rentable			ABR per
	Location	Year Built	Interest	Square Feet ⁽¹⁾	Occupancy ⁽²⁾	ABR ⁽³⁾	Leased SF ⁽³⁾
<u>Office Properties</u>							
4525 Main Street	Virginia Beach, VA	2014	100%	234,938	96.0 %	\$ 6,434,782	\$ 28.53
Armada Hoffer Tower(4)(5)	Virginia Beach, VA	2002	100%	324,247	91.4 %	8,606,013	29.05
One Columbus(5)	Virginia Beach, VA	1984	100%	128,876	92.2 %	2,934,268	24.68
Two Columbus	Virginia Beach, VA	2009	100%	108,448	94.2 %	2,672,688	26.17
Total / Weighted Average				796,509	93.3%	\$ 20,647,751	\$ 27.80

	Ownership						Monthly Rent per Occupied Unit/ Bed ⁽⁹⁾
	Location	Year Built	Interest	Units	Occupancy ⁽²⁾	ABR ⁽³⁾	
<u>Multifamily Properties</u>							
Encore Apartments	Virginia Beach, VA	2014	100%	286	94.4 %	\$ 4,221,756	\$ 1,303.01
Johns Hopkins Village ⁽¹⁰⁾⁽¹¹⁾	Baltimore, MD	2016	100%	157	99.8 %	7,665,480	1,126.61
Liberty Apartments ⁽¹⁰⁾	Newport News, VA	2013	100%	197	96.2 %	2,388,808	1,050.41
Smith's Landing ⁽¹¹⁾	Blacksburg, VA	2009	100%	284	99.6 %	4,056,060	1,194.36
The Cosmopolitan ⁽¹⁰⁾⁽¹²⁾	Virginia Beach, VA	2006	100%	306	92.5 %	5,520,375	1,625.55
Total / Weighted Average				1,230	97.3%	\$ 23,852,479	\$ 1,290.34

- (1) The net rentable square footage for each of our office and retail properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally consistent with the Building Owners and Managers Association 1996 measurement guidelines.
- (2) Occupancy for each of our office and retail properties is calculated as (a) square footage under executed leases as of December 31, 2018 divided by (b) net rentable square feet, expressed as a percentage. Occupancy for our multifamily properties is calculated as (a) total units occupied as of December 31, 2018 divided by (b) total units available, expressed as a percentage.
- (3) For the properties in our office and retail portfolios, annualized base rent ("ABR") is calculated by multiplying (a) monthly base rent (defined as cash base rent, before contractual tenant concessions and abatements, and excluding tenant reimbursements for expenses paid by us) as of December 31, 2018 for in-place leases as of such date by (b) 12, and does not give effect to periodic contractual rent increases or contingent rental revenue (e.g., percentage rent based on tenant sales thresholds). ABR per leased square foot is calculated by dividing (a) ABR by (b) square footage under in-place leases as of December 31, 2018. In the case of triple net or modified gross leases, our calculation of ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.
- (4) As of December 31, 2018, we occupied 41,103 square feet at these two properties at an ABR of \$1.3 million, or \$31.21 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with U.S. generally accepted accounting principles ("GAAP").
- (5) Includes ABR pursuant to a rooftop lease.

- (6) Net rentable square feet at certain of our retail properties includes pad sites leased pursuant to the ground leases in the table below:

Properties Subject to Ground Lease	Number of Ground Leases	Square Footage Leased Pursuant to Ground Leases	ABR
Bermuda Crossroads	2	11,000	\$ 179,685
Broad Creek Shopping Center	6	23,825	639,988
Columbus Village	1	3,403	200,000
Hanbury Village	2	55,586	1,082,118
Harper Hill Commons	1	41,520	373,680
Indian Lakes Crossing	1	50,311	592,385
Lightfoot Marketplace	3	60,442	660,375
North Point Center	4	280,556	1,139,610
Oakland Marketplace	1	45,000	186,300
Sandbridge Commons	1	53,288	583,000
South Square	1	1,778	60,000
Stone House Square	1	3,650	181,500
Tyre Neck Harris Teeter	1	48,859	533,052
Total / Weighted Average	25	679,218	\$ 6,411,693

- (7) We are entitled to a preferred return of 8% and 9% on our investment in Brooks Crossing and Lightfoot Marketplace, respectively.
- (8) For the properties in our multifamily portfolio, ABR is calculated by multiplying (a) base rental payments for the month ended December 31, 2018 by (b) 12.
- (9) Monthly rent per occupied unit/bed is calculated by dividing total base rental payments for the month ended December 31, 2018 by the number of occupied units (or, in the case of Johns Hopkins Village, occupied beds of the 568 total beds) as of December 31, 2018.
- (10) The ABR for Liberty, Cosmopolitan, and John Hopkins Village excludes \$0.3 million, \$0.7 million, and \$1.2 million from ground floor retail leases, respectively.
- (11) We lease the land underlying this property pursuant to a ground lease.
- (12) Excludes 36 units offline for redevelopment.

Lease Expirations

The following tables summarize the scheduled expirations of leases in our office and retail operating property portfolios as of December 31, 2018. The information in the following tables does not assume the exercise of any renewal options.

Office Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square		Annualized Base Rent	% of Office	
		Footage of Leases Expiring	% Portfolio Net Rentable Square Feet		Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	—	53,704	6.7 %	\$ —	— %	\$ —
Month-to-Month	3	633	0.1 %	20,400	0.1 %	32.23
2019	16	75,516	9.5 %	1,942,629	9.4 %	25.72
2020	7	26,537	3.3 %	765,538	3.7 %	28.85
2021	8	46,798	5.9 %	1,339,418	6.5 %	28.62
2022	9	73,394	9.2 %	2,083,571	10.1 %	28.39
2023	11	63,441	8.0 %	1,816,072	8.8 %	28.63
2024	7	102,931	12.9 %	2,796,210	13.5 %	27.17
2025	7	70,062	8.8 %	1,931,218	9.4 %	27.56
2026	3	15,140	1.9 %	331,665	1.6 %	21.91
2027	3	49,081	6.2 %	1,416,099	6.9 %	28.85
2028	4	56,844	7.1 %	1,512,745	7.3 %	26.61
2029	2	86,759	10.9 %	2,646,518	12.8 %	30.50
Thereafter	2	75,669	9.5 %	2,045,668	9.9 %	27.03
Total / Weighted Average	82	796,509	100.0 %	\$ 20,647,751	100.0 %	\$ 27.80

Retail Lease Expirations

Year of Lease Expiration	Number of Leases Expiring	Square		Annualized Base Rent	% of Retail	
		Footage of Leases Expiring	% Portfolio Net Rentable Square Feet		Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	—	159,923	4.3 %	\$ —	— %	\$ —
Month-to-Month	2	2,600	0.1 %	48,470	0.1 %	18.64
2019	64	287,943	7.8 %	4,922,077	8.8 %	17.09
2020	77	589,349	15.9 %	8,321,449	14.9 %	14.12
2021	67	301,451	8.1 %	5,439,595	9.8 %	18.04
2022	59	422,280	11.4 %	7,003,826	12.6 %	16.59
2023	59	432,951	11.7 %	6,632,066	11.9 %	15.32
2024	39	305,397	8.2 %	4,862,548	8.7 %	15.92
2025	21	236,602	6.4 %	2,666,200	4.8 %	11.27
2026	20	169,355	4.6 %	2,934,654	5.3 %	17.33
2027	18	118,786	3.2 %	2,544,828	4.6 %	21.42
2028	25	270,005	7.3 %	3,973,549	7.1 %	14.72
2029	9	48,665	1.3 %	1,042,083	1.9 %	21.41
Thereafter	17	357,426	9.7 %	5,289,383	9.5 %	14.80
Total / Weighted Average	477	3,702,733	100.0 %	\$ 55,680,728	100.0 %	\$ 15.72

Tenant Diversification

The following tables list the 10 largest tenants in each of our office and retail operating property portfolios, based on annualized base rent as of December 31, 2018 (\$ in thousands):

		% of Office Portfolio	% of Total Portfolio
Office Tenant	Annualized Base Rent	Annualized Base Rent	Annualized Base Rent
Clark Nexsen	\$ 2,588	12.5 %	2.5 %
Mythics	1,164	5.6 %	1.1 %
Hampton University	1,063	5.1 %	1.0 %
Pender & Coward	882	4.3 %	0.9 %
Kimley-Horn	876	4.2 %	0.8 %
Troutman Sanders	855	4.1 %	0.8 %
The Art Institute	852	4.1 %	0.8 %
City of Virginia Beach Development Authority	744	3.6 %	0.7 %
Cherry Bekaert	718	3.5 %	0.7 %
Williams Mullen	655	3.2 %	0.6 %
Top 10 Total	\$ 10,397	50.2%	9.9%

		% of Retail Portfolio	% of Total Portfolio
Retail Tenant	Annualized Base Rent	Annualized Base Rent	Annualized Base Rent
Kroger/Harris Teeter	\$ 6,188	11.1 %	6.0 %
Regal Cinemas	1,679	3.0 %	1.6 %
Bed, Bath, & Beyond	1,677	3.0 %	1.6 %
PetSmart	1,438	2.6 %	1.4 %
Food Lion	1,291	2.3 %	1.3 %
Lowes Foods	930	1.7 %	0.9 %
Dick's Sporting Goods	840	1.5 %	0.8 %
Weis Markets	802	1.4 %	0.8 %
Ross Dress for Less	762	1.4 %	0.7 %
Petco	743	1.3 %	0.7 %
Top 10 Total	\$ 16,350	29.3%	15.8%

Development Pipeline

In addition to the properties in our operating property portfolio as of December 31, 2018, we had the following properties in various stages of development and stabilization. We generally consider a property to be stabilized when it reaches 80% occupancy or thirteen quarters after the property receives its certificate of occupancy.

Development, Not Delivered			(\$ in '000s)		Schedule ⁽¹⁾				
Property	Location	Estimated Size ⁽¹⁾	Estimated Cost ⁽¹⁾	Incurred Cost	Start	Initial Occupancy	Stabilized		Property Type
							Operation ⁽²⁾	AHH Ownership %	
Summit Place (Meeting Street)	Charleston, SC	114 units	\$ 53,000	\$ 35,000	3Q17	3Q19	3Q19	90 %	Multifamily
Hoffler Place (King Street)	Charleston, SC	74 units	48,000	34,500	3Q17	3Q19	3Q19	93 %	Multifamily
Market at Mill Creek	Mt. Pleasant, SC	73,000 sf	23,000	19,500	1Q18	1Q19	2Q19	70% ⁽³⁾	Retail
Brooks Crossing - Office	Newport News, VA	100,000 sf	20,000	15,000	1Q18	2Q19	3Q19	65% ⁽³⁾	Office
Wills Wharf	Baltimore, MD	325,000 sf	119,000	20,000	3Q18	1Q20	3Q20	100%	Office
Total Development, Pending Delivery			\$ 263,000	\$ 124,000					

Development, Delivered Not Stabilized			(\$ in '000s)		Schedule				
Property	Location	Estimated Size ⁽¹⁾	Estimated Cost ⁽¹⁾	Incurred Cost	Start	Initial Occupancy	Stabilized		Property Type
							Operation ⁽¹⁾⁽²⁾	AHH Ownership %	
Brooks Crossing - Retail	Newport News, VA	18,000 sf	\$ 3,000	\$ 3,000	3Q15	3Q16	4Q19	65% ⁽³⁾	Retail
Greenside (Harding Place)	Charlotte, NC	225 units	50,000	50,000	3Q16	3Q18	4Q19	80% ⁽³⁾	Multifamily
Premier Apartments (Town Center Phase VI)	Virginia Beach, VA	131 units	30,000	29,000	4Q16	3Q18	3Q19	100%	Multifamily
Premier Retail (Town Center Phase VI)	Virginia Beach, VA	39,000 sf	15,000	12,000	4Q16	3Q18	1Q20	100%	Retail
Lightfoot Outparcel	Williamsburg, VA	NA	4,000	4,000	1Q18	3Q18	1Q19	70% ⁽³⁾	Retail
Total Development, Delivered Not Stabilized			102,000	98,000					
Total			\$ 365,000	\$ 222,000					

(1) Represents estimates that may change as the development/stabilization process proceeds.

(2) Estimated first full quarter of stabilized operations. Estimates are inherently uncertain, and we can provide no assurance that our assumptions regarding the timing of stabilization will prove accurate.

(3) We are entitled to a preferred return on our equity prior to any distributions to minority partners.

Our execution on all of the projects identified in the preceding tables are subject to, among other factors, regulatory approvals, financing availability, and suitable market conditions.

Lightfoot outparcel is the outparcel phase of our Harris Teeter-anchored shopping center in Williamsburg, Virginia. This phase includes four outparcels. As of December 31, 2018, this phase of the project was 100% leased.

Summit Place (also known as Meeting Street) is a \$53.0 million student housing property being developed in Charleston, South Carolina with expected delivery in 2019.

Hoffler Place (also known as King Street) is a \$48.0 million student housing property being developed in Charleston, South Carolina with expected delivery in 2019.

Market at Mill Creek is a \$23.0 million Lowes-Foods-anchored shopping center being developed in Mount Pleasant, South Carolina with expected delivery in 2019.

Brooks Crossing is our public-private partnership with the City of Newport News, Virginia designed to revitalize the east end of the city. The project includes 18,000 square feet of retail space and is leased by various small retailers. As of December 31, 2018, the retail component was approximately 66% leased. The project also includes an office component, which is a 100,000 square foot office building anchored by Newport News Shipbuilding, a division of Huntington Ingalls Industries (NYSE:HII). As of December 31, 2018, the office building was 100% leased.

Wills Wharf is a mixed-use development project in the Harbor Point area of Baltimore, Maryland. The project will consist primarily of office space anchored by WeWork and will also include a lease to the operator of a Canopy by Hilton hotel with expected delivery in 2020.

Greenside (also known as Harding Place) is a \$50.0 million Class A multifamily property in Midtown Charlotte, North Carolina. As of December 31, 2018, the property was approximately 39% leased.

Premier (Town Center Phase VI) is the next phase of development in the Town Center of Virginia Beach, our ongoing public-private partnership with the City of Virginia Beach. Premier is a \$45.0 million mixed-use project that includes 39,000 square feet of retail space, which is 75% leased as of December 31, 2018, and 131 luxury apartments, which are 65% leased as of December 31, 2018.

Other Investments

1405 Point

On October 15, 2015, we entered into a note receivable with a maximum principal balance of \$28.2 million for the 1405 Point project in the Harbor Point area of Baltimore, Maryland (also known as Point Street Apartments). On November 11, 2018, this loan was modified to increase the maximum principal amount of the loan to \$31.0 million. Interest on this loan accrues at a rate of 8.0% per annum. 1405 Point is a development project for a 17-story building comprised of 289 residential units and 18,000 square feet of street-level retail space. Beatty Development Group (“BDG”) is the developer of the project and has engaged us to serve as construction general contractor. 1405 Point opened during the first quarter of 2018 and is subject to a ground lease from an affiliate of BDG.

BDG secured a senior construction loan of up to \$67.0 million to fund the development and construction of 1405 Point on November 10, 2016. We have agreed to guarantee \$25.0 million of the senior construction loan. We have options to purchase up to a 100% interest in 1405 Point upon completion of the project as follows: (i) an option to purchase a 79% indirect interest in Point Street Apartments for \$27.6 million, exercisable within one year from the project’s completion (the “First Option”) and (ii) provided that we have exercised the First Option, an option to purchase an additional 21% interest in Point Street Apartments prior to July 31, 2020 (the “Second Option”) in exchange for increased payments under the ground lease. The BDG mezzanine loan matures on the earliest of (i) November 1, 2019, which may be extended by BDG under a one-year extension option, (ii) the maturity date or earlier termination of the senior construction loan, or (iii) the date we exercise the Second Option.

We plan to exercise the First Option during the first quarter of 2019. We currently have a \$2.1 million letter of credit for the guarantee of the senior construction loan.

As of December 31, 2018, the balance of the BDG loan was \$30.2 million, and for the year ended December 31, 2018, we recognized \$2.1 million of interest income on the BDG loan. See Note 6 to the accompanying consolidated financial statements.

One City Center

On February 25, 2016, we announced our joint venture with Austin Lawrence Partners to develop and construct One City Center in Durham, North Carolina. One City Center is a 22-story mixed-use project that includes 130,000 square feet of office space, anchored by a 55,000 square foot lease with Duke University and a 62,000 square foot lease with WeWork, along with 22,000 square feet of street-level retail space and 139 residential units. We are a minority partner in the joint venture and serve as the project's general contractor, with rights to the operating cash flow of the office and retail portions of the project. The project at One City Center is an unconsolidated joint venture. We have agreed to guarantee the commercial component of the construction loan for City Center; however, the loan is collateralized by 100% of the assets of City Center. Our equity investment in the joint venture as of December 31, 2018 is approximately \$21.3 million. The project is substantially complete and is in lease-up. During the first quarter of 2019, we plan to acquire the office and retail portions of the project in exchange for our minority partnership interest in the joint venture.

The Residences at Annapolis Junction

On April 21, 2016, we entered into a note receivable with a maximum principal balance of \$48.1 million in the residential component of the Annapolis Junction Town Center project in Maryland ("Annapolis Junction"). Annapolis Junction is an apartment development project with 416 residential units. It is part of a mixed-use development project that is also planned to have 17,000 square feet of retail space and a 150-room hotel. Annapolis Junction Apartments Owner, LLC ("AJAO") is the developer of the residential component and engaged us to serve as construction general contractor for the residential component. Annapolis Junction opened during 2017 and 2018 and is currently in lease-up.

Interest on the AJAO loan accrues at 10.0% per annum. On November 16, 2018, AJAO refinanced the senior construction loan with a one year senior loan of \$83.0 million, which matures on November 16, 2019. This senior loan may be extended for one additional year if certain minimum debt yields and minimum debt service coverage ratios are met by AJAO. We have agreed to guarantee \$8.3 million of the senior loan, and the AJAO loan will mature concurrent with the new senior loan. In conjunction with this refinancing, we sold the First Option and Second Option to AJAO for a price of \$5.0 million, which is being recognized as interest income over the remaining term of the loan. Additionally, AJAO repaid \$11.1 million of the outstanding mezzanine loan balance as part of this refinancing.

The balance on the Annapolis Junction note was \$36.4 million as of December 31, 2018. During the year ended December 31, 2018, we recognized \$4.9 million of interest income on the note, which includes amortization of the option sale. See Note 6 to the accompanying consolidated financial statements.

North Decatur Square

On May 15, 2017, we invested in the development of an estimated \$34.0 million Whole Foods-anchored center located in Decatur, Georgia. The Company's investment is in the form of a mezzanine loan of up to \$21.8 million to the developer, North Decatur Square Holdings, LLC ("NDSH"). Interest on the loan bears interest at a rate of 15.0% per annum. The note matures on the earliest of (i) May 15, 2022, (ii) the maturity of the senior construction loan, (iii) the sale of NDSH, or (iv) the sale of the center. During 2018, this loan was modified to increase the maximum amount of the loan to \$29.7 million due to an increase in the scope of the project.

The balance on the North Decatur Square note was \$18.5 million as of December 31, 2018. During the year ended December 31, 2018, we recognized \$2.2 million of interest income on the note. See Note 6 to the accompanying consolidated financial statements.

Delray Plaza

On October 27, 2017, we invested in the development of an estimated \$20.0 million Whole Foods-anchored center located in Delray Beach, Florida. The Company's investment is in the form of a mezzanine loan of up to \$13.1 million to the developer, Delray Plaza Holdings, LLC. On January 8, 2019, this loan was modified to increase the maximum amount of the loan to \$15.0 million. The mezzanine loan bears interest at a rate 15.0% per annum. The note matures on the earliest of (i) October 27, 2020, (ii) the date of any sale or refinance of the development project, or (iii) the disposition or change in control of the development project. The balance on the Delray Plaza note was \$7.0 million as of December 31, 2018. During the year ended December 31, 2018, we recognized \$0.9 million of interest income on the note. See Note 6 to the accompanying consolidated financial statements.

Nexton Square

On December 4, 2018, we entered into a mezzanine loan agreement with the developer of Nexton Square, a shopping center development project located in Summerville, South Carolina, which has a maximum capacity of \$21.0 million. This loan bears interest at a rate of 15.0% per annum (which will decrease to 10.0% upon completion of certain portions of the project) and matures on the earliest of (i) December 4, 2020, (ii) the maturity date of the senior construction loan, including any extension options available and exercised under that loan, or (iii) the date of any sale, transfer, or refinancing of the project.

We agreed to guarantee 50% of the senior construction loan in exchange for the option to purchase the property upon completion according to a predetermined formula primarily dependent upon the developer's leasing activities and the extent to which the developer elects to complete all or a portion of the total planned space, if applicable, in response to leasing activities.

The balance on the Nexton Square loan was \$14.9 million as of December 31, 2018. During the year ended December 31, 2018, we recognized \$0.2 million of interest income on the loan. See Note 6 to the accompanying consolidated financial statements.

On February 8, 2019, the developer closed on a senior construction loan with a maximum borrowing capacity of \$25.2 million and paid down \$2.1 million of the mezzanine loan.

Interlock Commercial

On December 21, 2018, we entered into a mezzanine loan agreement with the developer of the office and retail components of The Interlock, a new mixed-use public-private partnership with Georgia Tech in West Midtown Atlanta. The loan has a maximum principal amount of \$67.0 million and a total maximum commitment, including accrued interest reserves, of \$95.0 million. The mezzanine loan bears interest at a rate of 15.0% per annum and matures on the earlier of (i) 24 months after the original maturity date or earlier termination date of the senior construction loan or (ii) any sale, transfer, or refinancing of the project. In the event that the maturity date is established as being 24 months after the original maturity date or earlier termination date of the senior construction loan, the developer will have the right to extend the maturity date for 5 years.

We have agreed to guarantee payment of 35% of the senior construction loan. The borrower has not obtained a construction loan as of December 31, 2018.

The balance on the Interlock Commercial note was \$18.3 million as of December 31, 2018. During the year ended December 31, 2018, we recognized \$0.2 million of interest income on the note. See Note 6 to the accompanying consolidated financial statements.

Solis Apartments at Interlock

On December 21, 2018, we entered into a mezzanine loan agreement with the developer of Solis Apartments at Interlock, which is the apartment component of The Interlock in West Midtown Atlanta. The mezzanine loan has a maximum principal commitment of \$25.2 million and a total maximum commitment, including accrued interest reserves, of \$41.1 million. The mezzanine loan bears interest at a rate of 13.0% per annum and matures on the earlier of (a) the later of (i) December 21, 2021 or (ii) the maturity date or earlier termination date of the senior construction loan, including any extensions of the senior construction loan, or (b) the date of any sale of the project or refinance of the loan.

The balance on the Solis Apartments at Interlock note was \$13.8 million as of December 31, 2018. During the year ended December 31, 2018, we recognized \$0.1 million of interest income on the note. See Note 6 to the accompanying consolidated financial statements.

Acquisitions and Dispositions

On November 30, 2017, we entered into a lease agreement with Bottling Group, LLC for a new distribution facility that we developed and constructed. On January 29, 2018, we acquired undeveloped land in Chesterfield, Virginia, a portion of which serves as the site for this facility, for a contract price of \$2.4 million plus capitalized acquisition costs of \$0.1 million. On December 20, 2018, we sold the completed facility for \$25.9 million, resulting in a gain of \$3.4 million.

On January 9, 2018, we acquired Indian Lakes Crossing, a Harris Teeter-anchored shopping center in Virginia Beach, Virginia, for a contract price of \$14.7 million plus capitalized acquisition costs of \$0.2 million.

On January 18, 2018, we entered into an operating agreement with a partner to develop a Lowes Foods-anchored shopping center in Mount Pleasant, South Carolina. We have a 70% ownership interest in the partnership. The partnership, Market at Mill Creek Partners, LLC, acquired undeveloped land on February 16, 2018 for a contract price of \$2.9 million plus capitalized acquisition costs of \$0.1 million. As of December 31, 2018, the book value of our investment in the project totaled \$21.1 million.

On January 29, 2018, we acquired Parkway Centre, a newly developed Publix-anchored shopping center in Moultrie, Georgia, for total consideration of \$11.3 million (comprising \$9.6 million in cash and \$1.7 million in the form of Class A units of limited partnership interest in the Operating Partnership ("Class A Units") plus capitalized acquisition costs of \$0.3 million.

On April 2, 2018, we acquired undeveloped land in Newport News, Virginia for less than \$0.1 million. This land parcel is being used in the development of the Brooks Crossing Office property.

On May 24, 2018, we completed the sale of the Wawa outparcel at Indian Lakes Crossing for a contract price of \$4.4 million. There was no gain or loss on the disposition.

On July 2, 2018, we executed a ground lease for the site of a new mixed-use development project at Wills Wharf, a site in the Harbor Point area of Baltimore, Maryland. The lease has an initial term of five years and includes ten extension options of seven years each.

On August 28, 2018, we acquired Lexington Square, a newly developed Lowes Foods-anchored shopping center in Lexington, South Carolina, for a purchase price of \$26.8 million, consisting of cash consideration of \$24.2 million and \$2.6 million of additional consideration in the form of Class A Units issuable in increments to the seller upon the fulfillment of certain occupancy thresholds within the first 18 months of our ownership. No Class A Units have been issued as of December 31, 2018 for this acquisition. As part of this transaction, we also capitalized acquisition costs of \$0.4 million.

On December 31, 2018, we sold the leasehold interest in the building previously leased by Home Depot at Broad Creek Shopping Center for \$2.4 million, resulting in a gain on sale of \$0.8 million.

Subsequent to December 31, 2018

On February 6, 2019, we acquired an additional outparcel phase of Wendover Village in Greensboro, North Carolina for a contract price of \$2.7 million.

Tax Status

We have elected and qualified to be taxed as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2013. Our continued qualification as a REIT will depend upon our ability to meet, on a continuing basis, through actual investment and operating results, various complex requirements under the Internal Revenue Code of 1986, as amended (the “Code”), relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels, and the diversity of ownership of our capital stock. We believe that we are organized in conformity with the requirements for qualification as a REIT under the Code and that our manner of operation will enable us to maintain the requirements for qualification and taxation as a REIT for U.S. federal income tax purposes. In addition, we have elected to treat AHP Holding, Inc., which, through its wholly-owned subsidiaries, operate our construction, development, and third-party asset management businesses, as a taxable REIT subsidiary (“TRS”).

As a REIT, we generally will not be subject to U.S. federal income tax on our net taxable income that we distribute currently to our stockholders. Under the Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute each year at least 90% of their REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. If we fail to qualify for taxation as a REIT in any taxable year and do not qualify for certain statutory relief provisions, our income for that year will be taxed at regular corporate rates, and we would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. Even if we qualify as a REIT for U.S. federal income tax purposes, we may still be subject to state and local taxes on our income and assets and to federal income and excise taxes on our undistributed income. Additionally, any income earned by our services company, and any other TRS we form in the future, will be fully subject to federal, state and local corporate income tax.

Insurance

We carry comprehensive liability, fire, extended coverage, business interruption, and rental loss insurance covering all of the properties in our portfolio under a blanket insurance policy in addition to other coverage that may be appropriate for certain of our properties. We believe the policy specifications and insured limits are appropriate and adequate for our properties given the relative risk of loss, the cost of the coverage, and industry practice; however, our insurance coverage may not be sufficient to fully cover our losses. We do not carry insurance for certain losses, including, but not limited to, losses caused by riots or war. Some of our policies, such as those covering losses due to terrorism and earthquakes, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses for such events. In addition, all but two of the properties in our portfolio as of December 31, 2018 were located in Virginia, Maryland, North Carolina, South Carolina, and Georgia, which are areas subject to an increased risk of hurricanes. While we will carry hurricane insurance on certain of our properties, the amount of our hurricane insurance coverage may not be sufficient to fully cover losses from hurricanes. We may reduce or discontinue hurricane, terrorism, or other insurance on some or all of our properties in the future if the cost of premiums for any of these policies exceeds, in our judgment, the value of the coverage

discounted for the risk of loss. Also, if destroyed, we may not be able to rebuild certain of our properties due to current zoning and land use regulations. As a result, we may incur significant costs in the event of adverse weather conditions and natural disasters. In addition, our title insurance policies may not insure for the current aggregate market value of our portfolio, and we do not intend to increase our title insurance coverage as the market value of our portfolio increases. If we or one or more of our tenants experiences a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged. Furthermore, we may not be able to obtain adequate insurance coverage at reasonable costs in the future as the costs associated with property and casualty renewals may be higher than anticipated.

Regulation

General

Our properties are subject to various covenants, laws, ordinances, and regulations, including regulations relating to common areas and fire and safety requirements. We believe that each of the properties in our portfolio has the necessary permits and approvals to operate its business.

Americans With Disabilities Act

Our properties must comply with Title III of the Americans with Disabilities Act of 1990 (the “ADA”), to the extent that such properties are “public accommodations” as defined by the ADA. Under the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. Although we believe that the properties in our portfolio in the aggregate substantially comply with present requirements of the ADA, we have not conducted a comprehensive audit or investigation of all of our properties to determine our compliance, and we are aware that some particular properties may currently be in non-compliance with the ADA. Noncompliance with the ADA could result in the incurrence of additional costs to attain compliance, the imposition of fines, an award of damages to private litigants, and a limitation on our ability to refinance outstanding indebtedness. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations as appropriate in this respect.

Environmental Matters

Under various federal, state, and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste, or petroleum products at, on, in, under, or migrating from such property, including costs to investigate and clean up such contamination and liability for harm to natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. These liabilities could be substantial, and the cost of any required remediation, removal, fines, or other costs could exceed the value of the property and our aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability for costs of remediation and personal or property damage or materially adversely affect our ability to sell, lease, or develop our properties or to borrow using the properties as collateral. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures.

Some of our properties contain, have contained, or are adjacent to or near other properties that have contained or currently contain storage tanks for the storage of petroleum products, propane, or other hazardous or toxic substances. Similarly, some of our properties were used in the past for commercial or industrial purposes, or are currently used for commercial purposes, that involve or involved the use of petroleum products or other hazardous or toxic substances, or are adjacent to or near properties that have been or are used for similar commercial or industrial purposes. As a result, some of our properties have been or may be impacted by contamination arising from the releases of such hazardous substances or petroleum products. Where we have deemed appropriate, we have taken steps to address identified contamination or mitigate risks associated with such contamination; however, we are unable to ensure that further actions will not be necessary. As a result of the foregoing, we could potentially incur material liability.

Environmental laws also govern the presence, maintenance, and removal of asbestos-containing building materials, or ACBM, and may impose fines and penalties for failure to comply with these requirements or expose us to third-party liability. Such laws require that owners or operators of buildings containing ACBM (and employers in such buildings) properly manage and maintain the asbestos, adequately notify or train those who may come into contact with asbestos, and undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building. In addition, the presence of ACBM in our properties may expose us to third-party liability (e.g. liability for personal injury associated with exposure to asbestos). We are not presently aware of any material adverse issues at our properties including ACBM.

Similarly, environmental laws govern the presence, maintenance, and removal of lead-based paint in residential buildings, and may impose fines and penalties for failure to comply with these requirements. Such laws require, among other things, that owners or operators of residential facilities that contain or potentially contain lead-based paint notify residents of the presence or potential presence of lead-based paint prior to occupancy and prior to renovations and manage lead-based paint waste appropriately. In addition, the presence of lead-based paint in our buildings may expose us to third-party liability (e.g., liability for personal injury associated with exposure to lead-based paint). We are not presently aware of any material adverse issues at our properties involving lead-based paint.

In addition, the properties in our portfolio also are subject to various federal, state, and local environmental and health and safety requirements, such as state and local fire requirements. Moreover, some of our tenants may handle and use hazardous or regulated substances and wastes as part of their operations at our properties, which are subject to regulation. Such environmental and health and safety laws and regulations could subject us or our tenants to liability resulting from these activities. Environmental liabilities could affect a tenant's ability to make rental payments to us. In addition, changes in laws could increase the potential liability for noncompliance. Our leases sometimes require our tenants to comply with environmental and health and safety laws and regulations and to indemnify us for any related liabilities. However, in the event of the bankruptcy or inability of any of our tenants to satisfy such obligations, we may be required to satisfy such obligations. In addition, we may be held directly liable for any such damages or claims regardless of whether we knew of, or were responsible for, the presence or disposal of hazardous or toxic substances or waste and irrespective of tenant lease provisions. The costs associated with such liability could be substantial and could have a material adverse effect on us.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses, and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants, or others if property damage or personal injury occurs. We are not presently aware of any material adverse indoor air quality issues at our properties.

Competition

We compete with a number of developers, owners, and operators of office, retail, and multifamily real estate, many of which own properties similar to ours in the same markets in which our properties are located and some of which have greater financial resources than we do. In operating and managing our portfolio, we compete for tenants based on a number of factors, including location, rental rates, security, flexibility, and expertise to design space to meet prospective tenants' needs and the manner in which the property is operated, maintained, and marketed. As leases at our properties expire, we may encounter significant competition to renew or re-lease space in light of the large number of competing properties within the markets in which we operate. As a result, we may be required to provide rent concessions or abatements, incur charges for tenant improvements and other inducements, including early termination rights or below-market renewal options, or we may not be able to timely lease vacant space.

We also face competition when pursuing development, acquisition, and lending opportunities. Our competitors may be able to pay higher property acquisition prices, may have private access to opportunities not available to us, may have more financial resources than we do, and may otherwise be in a better position to acquire or develop a property. Competition may also have the effect of reducing the number of suitable development and acquisition opportunities available to us or increasing the price required to consummate a development or acquisition opportunity.

In addition, we face competition in our construction business from other construction companies in the markets in which we operate, including small local companies and large regional and national companies. In our construction business, we compete for construction projects based on several factors, including cost, reputation for quality and timeliness, access to machinery and equipment, access to and relationships with high-quality subcontractors, financial strength, knowledge of local markets, and project management abilities. We believe that we compete favorably on the basis of the foregoing factors and that our construction business is well-positioned to compete effectively in the markets in which we operate. However, some of the construction companies with which we compete have different cost structures and greater financial and other resources than we do, which may put them at an advantage when competing with us for construction projects. Competition from other construction companies may reduce the number of construction projects that we are hired to complete and increase pricing pressure, either of which could reduce the profitability of our construction business.

Employees

As of December 31, 2018, we had 156 employees. None of our employees are represented by a collective bargaining unit. We believe that our relationship with our employees is good.

Corporate Information

Our principal executive office is located at 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462 in the Armada Hoffer Tower at the Town Center of Virginia Beach. In addition, we have construction offices located at 249 Central Park Avenue, Suite 300, Virginia Beach, Virginia 23462 and 1300 Thames Street, Suite 30, Baltimore, Maryland 21231. The telephone number for our principal executive office is (757) 366-4000. We maintain a website located at www.armadahoffler.com. The information on, or accessible through, our website is not incorporated into and does not constitute a part of this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC.

Available Information

We file our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports with the SEC. You may obtain copies of these documents by accessing the SEC's website at www.sec.gov. In addition, as soon as reasonably practicable after such materials are furnished to the SEC, we make copies of these documents available to the public free of charge through our website or by contacting our Corporate Secretary at the address set forth above under "—Corporate Information."

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and the charters of our audit committee, compensation committee and nominating and corporate governance committee are all available in the Corporate Governance section of the Investor Relations section of our website.

Financial Information

For required financial information related to our operations, please refer to our consolidated financial statements, including the notes thereto, included with this Annual Report on Form 10-K.

Item 1A. Risk Factors

Set forth below are the risks that we believe are material to our stockholders. You should carefully consider the following risks in evaluating our Company and our business. The occurrence of any of the following risks could materially and adversely impact our financial condition, results of operations, cash flow, the market price of shares of our common stock, and our ability to, among other things, satisfy our debt service obligations and to make distributions to our stockholders, which in turn could cause our stockholders to lose all or a part of their investment. Some statements in this Annual Report on Form 10-K, including statements in the following risk factors constitute forward-looking statements. Please refer to the section entitled "Special Note Regarding Forward-Looking Statements" at the beginning of this Annual Report on Form 10-K.

Risks Related to Our Business

The geographic concentration of our portfolio could cause us to be more susceptible to adverse economic or regulatory developments in the markets in which our properties are located than if we owned a more geographically diverse portfolio.

The majority of the properties in our portfolio are located in Virginia and North Carolina, which expose us to greater economic risks than if we owned a more geographically diverse portfolio. As of December 31, 2018, our properties in the

Virginia and North Carolina markets represented approximately 65% and 17%, respectively, of the total annualized base rent of the properties in our portfolio. Furthermore, many of our properties are located in the Town Center of Virginia Beach, and rental revenues from our Town Center properties represented 41% of our total rental revenues for the year ended December 31, 2018. As a result of this geographic concentration, we are particularly susceptible to adverse economic, regulatory or other conditions in the Virginia and North Carolina markets (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes, and the cost of complying with governmental regulations or increased regulation), as well as to natural disasters that occur in these markets (such as hurricanes and other events). For example, the markets in Virginia and North Carolina in which many of the properties in our portfolio are located contain high concentrations of military personnel and operations. A reduction of the military presence or cuts in defense spending in these markets could have a material adverse effect on us. If there is a downturn in the economy in Virginia or North Carolina, our operations, revenue, and cash available for distribution, including cash available to pay distributions to our stockholders, could be materially and adversely affected. We cannot assure you that these markets will grow or that underlying real estate fundamentals will be favorable to owners and operators of office, retail, or multifamily properties. Our operations may also be adversely affected if competing properties are built in these markets. Moreover, submarkets within any of our target markets may be dependent upon a limited number of industries. Any adverse economic or real estate developments in our markets, or any decrease in demand for office, retail or multifamily space resulting from the regulatory environment, business climate or energy or fiscal problems, could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to satisfy our debt service obligations.

We have a substantial amount of indebtedness outstanding, which may expose us to the risk of default under our debt obligations and may include covenants that restrict our ability to pay distributions to our stockholders.

As of December 31, 2018, we had total debt of approximately \$694 million, including amounts drawn under our credit facility, a substantial portion of which is guaranteed by our Operating Partnership, and we may incur significant additional debt to finance future acquisition and development activities. Excluding unamortized fair value adjustments and debt issuance costs, the aggregate outstanding principal balance of our debt was \$701 million as of December 31, 2018. Payments of principal and interest on borrowings may leave us with insufficient cash resources to operate our properties or to pay the dividends currently contemplated or necessary to maintain our REIT qualification. Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, which could, among other things, adversely affect our ability to meet operational needs;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- we may be forced to dispose of one or more of our properties, possibly on unfavorable terms or in violation of certain covenants to which we may be subject;
- we may default on our obligations, in which case the lenders or mortgagees may have the right to foreclose on any properties that secure the loans or collect rents and other income from our properties;
- we may violate restrictive covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations or reduce our ability to pay, or prohibit us from paying, distributions to our stockholders; and
- our default under any loan with cross-default provisions could result in a default on other indebtedness.

If any one of these events were to occur, our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations could be materially and adversely affected. Furthermore, foreclosures could create taxable income without accompanying cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

The loss of, or a store closure by, one of the anchor stores or major tenants in our retail shopping center properties could result in a material decrease in our rental income, which would have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Our retail shopping center properties typically are anchored by large, nationally recognized tenants. As of December 31, 2018, Kroger/Harris Teeter, Regal Cinemas, Bed Bath & Beyond, and PetSmart collectively represented approximately 19.7%, and individually represented 11.1%, 3.0%, 3.0% and 2.6%, respectively, of the total annualized base rent in our retail portfolio. In addition, several of our retail properties are single-tenant properties or are occupied primarily by a single tenant. As of December 31, 2018, the Courthouse 7-Eleven, Tyre Neck Harris Teeter, and Harrisonburg Regal retail properties in our portfolio were 100% occupied by 7-Eleven, Harris Teeter, and Regal Cinemas, respectively, and several shopping centers are more than 50% occupied by an anchor tenant. At any time, our tenants may experience a downturn in their businesses that may significantly weaken their financial condition. As a result, our tenants, including our anchor and other major tenants, may fail to comply with their contractual obligations to us, seek concessions in order to continue operations or declare bankruptcy, any of which could result in the termination of such tenants' leases and the loss of rental income attributable to the terminated leases. In addition, certain of our tenants may cease operations while continuing to pay rent, which could decrease customer traffic, thereby decreasing sales for our other tenants at the applicable retail property. Furthermore, mergers or consolidations among retail establishments could result in the closure of existing stores or duplicate or geographically overlapping store locations, which could include stores at our retail properties.

Loss of, or a store closure by, an anchor or major tenant could significantly reduce our occupancy level or the rent we receive from our retail properties, and we may not have the right, or otherwise may be unable, to re-lease the vacated space at attractive rents or at all. Moreover, in the event of default by a major tenant or anchor store, we may experience delays and costs in enforcing our rights as landlord to recover amounts due to us under the terms of our agreements with those parties. The occurrence of any of the situations described above, particularly if it involves an anchor tenant with leases in multiple locations, could seriously harm our performance and could adversely affect the value of the affected retail property.

In the event that any of the anchor stores, major tenants, or single-tenant property tenants in our retail properties do not renew their leases with us when they expire, we may be unable to re-lease such premises at market rents or at all, which could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to satisfy our debt service obligations.

We may be unable to renew leases, lease vacant space, or re-lease space on favorable terms or at all as leases expire, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

As of December 31, 2018, approximately 4.4% of the square footage of the properties in our stabilized office and retail portfolios was available. Additionally, 9.4% and 3.7% of the annualized base rent in our office portfolio was scheduled to expire in 2019 and 2020, respectively, and 8.8% and 14.9% of the annualized base rent in our retail portfolio was scheduled to expire in 2019 and 2020, respectively. We cannot assure you that new leases will be entered into, that leases will be renewed, or that our properties will be re-leased at net effective rental rates equal to or above the current average net effective rental rates or that substantial rent abatements, tenant improvements, early termination rights or below-market renewal options will not be offered to attract new tenants or retain existing tenants. In addition, our ability to lease our multifamily properties at favorable rates, or at all, may be adversely affected by the increase in supply of multifamily properties in our target markets. Our ability to lease our properties depends upon the overall level of spending in the economy, which is adversely affected by, among other things, job losses and unemployment levels, fears of a recession, personal debt levels, the housing market, stock market volatility, and uncertainty about the future. If rental rates for our properties decrease, our existing tenants do not renew their leases, or we do not re-lease a significant portion of our available space and space for which leases expire, our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations could be materially and adversely affected.

The short-term leases in our multifamily portfolio expose us to the effects of declining market rents, which could adversely affect our results of operations, cash flow and cash available for distribution.

Substantially all of the leases in our multifamily portfolio are for terms of 12 months or less. As a result, even if we are able to renew or re-lease apartment units as leases expire, our rental revenues will be impacted by declines in market rents more quickly than if all of our leases had longer terms, which could adversely affect our results of operations, cash flow, and cash available for distribution.

Competition for property acquisitions and development opportunities may reduce the number of opportunities available to us and increase our costs, which could have a material adverse effect on our growth prospects.

The current market for property acquisitions and development opportunities continues to be extremely competitive. This competition may increase the demand for the types of properties in which we typically invest and, therefore, reduce the number of suitable investment opportunities available to us and increase the purchase prices for such properties in the event we are able to acquire or develop such properties. We face significant competition for attractive investment opportunities from an indeterminate number of investors, including publicly traded and privately held REITs, private equity investors, and institutional investment funds, some of which have greater financial resources than we do, a greater ability to borrow funds to make investments in properties, and the ability to accept more risk than we can prudently manage, including risks with respect to the geographic proximity of investments and the payment of higher acquisition prices. This competition will increase if investments in real estate become more attractive relative to other forms of investment. If the level of competition for investment opportunities is significant in our target markets, it could have a material adverse effect on our growth prospects.

Increased competition and increased affordability of residential homes could limit our ability to retain our residents, lease apartment units, or increase or maintain rents at our multifamily apartment communities.

Our multifamily apartment communities compete with numerous housing alternatives in attracting residents, including other multifamily apartment communities and single-family rental units, as well as owner-occupied single-family and multifamily units. Competitive housing in a particular area and an increase in affordability of owner-occupied single-family and multifamily units due to, among other things, declining housing prices, oversupply, mortgage interest rates, and tax incentives and government programs to promote home ownership, could adversely affect our ability to retain residents, lease apartment units, and increase or maintain rents at our multifamily properties, which could adversely impact our results of operations, cash flow, and cash available for distribution.

The failure of properties that we develop or acquire in the future to meet our financial expectations could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution, ability to service our debt obligations, the per share trading price of our common stock, and growth prospects.

Our future acquisitions and development projects and our ability to successfully operate these properties may be exposed to the following significant risks, among others:

- we may acquire or develop properties that are not accretive to our results upon acquisition, and we may not successfully manage and lease those properties to meet our expectations;
- our cash flow may be insufficient to enable us to pay the required principal and interest payments on the debt secured by the property;
- we may spend more than budgeted amounts to make necessary improvements or renovations to acquired properties or to develop new properties;
- we may be unable to quickly and efficiently integrate new acquisitions or developed properties into our existing operations;
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and
- we may acquire properties subject to liabilities without any recourse, or with only limited recourse, with respect to unknown liabilities such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors, or other persons dealing with the former owners of the properties, liabilities incurred in the ordinary course of business, and claims for indemnification by general partners, directors, officers, and others indemnified by the former owners of the properties.

If we cannot operate acquired or developed properties to meet our financial expectations, our financial condition, results of operations, cash flow, cash available for distribution, ability to service our debt obligations, the per share trading price of our common stock, and growth prospects could be materially and adversely affected.

Failure to succeed in new markets may limit our growth.

We have acquired in the past, and we may acquire in the future if appropriate opportunities arise, properties that are outside of our primary markets. Entering into new markets exposes us to a variety of risks, including difficulty evaluating local market conditions and local economies, developing new business relationships in the area, competing with other companies that already have an established presence in the area, hiring and retaining key personnel, evaluating quality tenants in the area, and a lack of familiarity with local governmental and permitting procedures. Furthermore, expansion into new markets may divert management time and other resources away from our current primary markets. As a result, we may not be successful in expanding into new markets, which could adversely impact our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

We depend on significant tenants in certain of our office properties, and an inability to pay rent by any of these tenants could result in a material decrease in our rental income, which would have an adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

As of December 31, 2018, the top ten largest tenants in our office portfolio collectively accounted for approximately 50.2% of the total annualized base rent in our office portfolio. Furthermore, Clark Nexsen, Mythics, and Hampton University accounted for 12.5%, 5.6%, and 5.1%, respectively, of the total annualized base rent in our office portfolio as of December 31, 2018. The inability of these or other significant tenants to pay rent or renew their leases upon expiration could materially and adversely affect the income produced by our office properties, which would have an adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

A bankruptcy or insolvency of any of our significant tenants in our office or retail properties could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

If a significant tenant in our office or retail properties becomes bankrupt or insolvent, federal law may prohibit us from evicting such tenant based solely upon such bankruptcy or insolvency. In addition, a bankrupt or insolvent tenant may be authorized to reject and terminate its lease with us. Any claim against such tenant for unpaid, future rent would be subject to a statutory cap that might be substantially less than the remaining rent owed under the lease. If any of these tenants were to experience a downturn in its business or a weakening of its financial condition resulting in its failure to make timely rental payments or causing it to default under its lease, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment. In many cases, we may have made substantial initial investments in the applicable leases through tenant improvement allowances and other concessions that we may not be able to recover. Any such event could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Certain of the leases at our retail properties contain “co-tenancy” or “go-dark” provisions, which, if triggered, may allow tenants to pay reduced rent, cease operations, or terminate their leases, any of which could materially and adversely affect our performance or the value of the affected retail property.

Certain of the leases at our retail properties contain “co-tenancy” provisions that condition a tenant’s obligation to remain open, the amount of rent payable by the tenant, or the tenant’s obligation to continue occupancy on certain conditions, including: (i) the presence of a certain anchor tenant or tenants, (ii) the continued operation of an anchor tenant’s store, and (iii) minimum occupancy levels at the retail property. If a co-tenancy provision is triggered by a failure of any of these or other applicable conditions, a tenant could have the right to cease operations, to terminate its lease early, or to reduce its rent. In periods of prolonged economic decline, there is a higher than normal risk that co-tenancy provisions will be triggered as there is a higher risk of tenants closing stores or terminating leases during these periods. In addition to these co-tenancy provisions, certain of the leases at our retail properties contain “go-dark” provisions that allow the tenant to cease operations while continuing to pay rent. This could result in decreased customer traffic at the affected retail property, thereby decreasing sales for our other tenants at that property, which may result in our other tenants being unable to pay their minimum rents or expense recovery charges. These provisions also may result in lower rental revenue generated under the applicable leases. To the extent co-tenancy or go-dark provisions in our retail leases result in lower revenue, tenant sales, tenants’ rights to terminate their leases early, or a reduction of their rent, our revenues and the value of the affected retail property could be materially and adversely affected.

Our dependence on smaller businesses, particularly in our retail portfolio, to rent our space could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Many of our tenants, particularly those that lease space in our retail properties are smaller businesses that generally do not have the financial strength or resources of larger corporate tenants. In particular, 226 of our retail leases (representing approximately 14% of our annualized base rent from retail properties as of December 31, 2018) lease 2,500 or less square feet from us, and many of those tenants are smaller independent businesses, which generally experience a higher rate of failure than larger businesses. As a result of our dependence on these smaller businesses, we could experience a higher rate of tenant defaults, turnover, and bankruptcies, which could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Many of our operating costs and expenses are fixed and will not decline if our revenues decline.

Our results of operations depend, in large part, on our level of revenues, operating costs, and expenses. The expense of owning and operating a property is not necessarily reduced when circumstances such as market factors and competition cause a reduction in revenue from the property. As a result, if revenues decline, we may not be able to reduce our expenses to keep pace with the corresponding reductions in revenues. Many of the costs associated with real estate investments, such as real estate taxes, insurance, loan payments and maintenance, generally will not be reduced if a property is not fully occupied or other circumstances cause our revenues to decrease, which could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Adverse conditions in the general retail environment could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Approximately 54% of our total annualized base rent as of December 31, 2018 is from retail properties. As a result, we are subject to factors that affect the retail sector generally as well as the market for retail space. The retail environment and the market for retail space have been, and in the future could be, adversely affected by weakness in the national, regional, and local economies, the level of consumer spending and consumer confidence, the adverse financial condition of some large retail companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets, and increasing competition from discount retailers, outlet malls, internet retailers, and other online businesses. Increases in consumer spending via the internet may significantly affect our retail tenants' ability to generate sales in their stores. New and enhanced technologies, including new digital technologies and new web services technologies, may increase competition for certain of our retail tenants.

Any of the foregoing factors could adversely affect the financial condition of our retail tenants and the willingness of retailers to lease space in our retail properties. In turn, these conditions could negatively affect market rents for retail space and could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Increases in interest rates will increase our interest expense and may adversely affect our cash flow and ability to pay distributions.

We have incurred, and may in the future incur, additional indebtedness that bears interest at a variable rate. An increase in interest rates would increase our interest expense and increase the cost of refinancing existing debt and issuing new debt, which would adversely affect our cash flow and ability to make distributions to our stockholders. In addition, if we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments at times that may not permit realization of the maximum return on such investments. The effect of prolonged interest rate increases could adversely impact our ability to make acquisitions and develop properties.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.

Mortgage and other secured debt obligations increase our risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing any loans for which we are in default. Any foreclosure on a mortgaged property or group of properties could adversely affect the overall value of our portfolio of properties. For tax purposes, a foreclosure on any of our properties that is subject to a nonrecourse mortgage loan would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the

property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. Foreclosures could also trigger our tax indemnification obligations under the terms of our tax protection agreements with respect to the sales of certain properties.

Most of our debt arrangements involve balloon payment obligations, which may materially and adversely affect our financial condition, cash flow, cash available for distribution, and ability to service our debt obligations.

Most of our debt arrangements require us to make a lump-sum or “balloon” payment at maturity. Our ability to make a balloon payment at maturity is uncertain and may depend upon our ability to obtain additional financing or our ability to sell the property. At the time the balloon payment is due, we may or may not be able to refinance the existing financing on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment. In addition, balloon payments and payments of principal and interest on our indebtedness may leave us with insufficient cash to pay the distributions that we are required to pay to maintain our qualification as a REIT. Any of these factors may materially and adversely affect our financial condition, cash flow, cash available for distribution, and ability to service our debt obligations.

Our credit facility restricts our ability to engage in certain business activities, including our ability to incur additional indebtedness, make capital expenditures, and make certain investments.

Our credit facility contains customary negative covenants and other financial and operating covenants that, among other things:

- restrict our ability to incur additional indebtedness;
- restrict our ability to incur additional liens;
- restrict our ability to make certain investments (including certain capital expenditures);
- restrict our ability to merge with another company;
- restrict our ability to sell or dispose of assets;
- restrict our ability to make distributions to our stockholders; and
- require us to satisfy minimum financial coverage ratios, minimum tangible net worth requirements, and maximum leverage ratios.

These limitations restrict our ability to engage in certain business activities, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations. In addition, our credit facility may contain specific cross-default provisions with respect to specified other indebtedness, giving the lenders the right, in certain circumstances, to declare a default if we are in default under other loans.

Adverse economic and geopolitical conditions and dislocations in the credit markets could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Our business may be affected by market and economic challenges experienced by the U.S. economy or the real estate industry as a whole. Such conditions may materially and adversely affect us as a result of the following potential consequences, among others:

- decreased demand for office, retail and multifamily space, which would cause market rental rates and property values to be negatively impacted;
- reduced values of our properties may limit our ability to dispose of assets at attractive prices or obtain debt financing secured by our properties and may reduce the availability of unsecured loans;
- our ability to obtain financing on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue acquisition and development opportunities and refinance existing debt, reduce our returns from our acquisition and development activities, and increase our future debt service expense; and

- one or more lenders under our credit facility could refuse to fund their financing commitment to us or could otherwise fail to do so, and we may not be able to replace the financing commitment of any such lenders on favorable terms or at all.

If the U.S. economy experiences an economic downturn, we may see increases in bankruptcies and defaults by our tenants, and we may experience higher vacancy rates and delays in re-leasing vacant space, which could negatively impact our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

A cybersecurity incident or other technology disruptions could negatively impact our business, our relationships, and our reputation.

We use computers and computer networks in most aspects of our business operations. We also use mobile devices to communicate with our employees, suppliers, business partners, and tenants. These devices are used to transmit sensitive and confidential information including financial and strategic information about us, information about employees, business partners, tenants, and other individuals and organizations. Additionally, we utilize third-party service providers that host personally identifiable information and other confidential information of our employees, business partners, tenants, and others. We also maintain confidential financial and business information regarding us and persons and entities with which we do business on our information technology systems. Information security risks have increased in recent years due to the rise in new technologies and the increased sophistication of perpetrators of cyber attacks. The theft, destruction, loss, or release of sensitive and confidential information or operational downtime of the systems used to store and transmit such information could result in disruptions to our business, negative publicity, brand damage, violation of privacy laws, financial liability, difficulty attracting and retaining tenants, loss of business partners, and loss of business opportunities, any of which may adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Failure to hedge effectively against interest rate changes may adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Subject to maintaining our qualification as a REIT, we expect to continue to enter into hedging transactions to protect us from the effects of interest rate fluctuations on floating rate debt. Our existing hedging transactions have included, and future hedging transactions may include, entering into interest rate cap agreements or interest rate swap agreements. These agreements involve risks, such as the risk that (i) such arrangements may not be effective in reducing our exposure to interest rate changes, (ii) a court could rule that such agreements are not legally enforceable, (iii) hedging could actually increase our costs and reduce the overall returns on our investments, as interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates, (iv) counterparties to such arrangements could not perform, (v) we could incur significant costs associated with the settlement of the agreements, or (vi) the underlying transactions could fail to qualify as highly-effective cash flow hedges under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 815, *Derivatives and Hedging*. Our failure to hedge effectively against interest rate changes may adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

We will continue to incur costs as a result of being a public company.

As a public company, we expect to continue to incur significant legal, accounting, insurance, and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect compliance with these public reporting requirements and associated rules and regulations to increase expenses, particularly now that we are no longer an emerging growth company, although we are currently unable to estimate these costs with any degree of certainty.

We are required to have an independent auditor assess the effectiveness of our internal control over financial reporting.

As of December 31, 2018, we are no longer an emerging growth company under the Jumpstart Our Business Startups Act (“JOBS Act”), and management is required to have an independent auditor assess the effectiveness of our internal control over financial reporting, pursuant to Section 404 of the Sarbanes-Oxley Act. We cannot give any assurances that material weaknesses will not be identified in the future in connection with our compliance with the provisions of Section 404 of the Sarbanes-Oxley Act. The existence of any material weakness described above would preclude a conclusion by management and our independent auditors that we maintained effective internal control over financial reporting. Our management may be required to devote significant time and expense to remediate any material weaknesses that may be discovered and may not be

able to remediate such material weaknesses in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations, and cause investors to lose confidence in our reported financial information, any of which could lead to a decline in the per share trading price of our common stock.

We may be required to make rent or other concessions or significant capital expenditures to improve our properties in order to retain and attract tenants, which may materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Upon expiration of our leases to our tenants, we may be required to make rent or other concessions, accommodate requests for renovations, build-to-suit remodeling, and other improvements, or provide additional services to our tenants, any of which would increase our costs. As a result, we may have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers. Additionally, we may need to raise capital to make such expenditures. If we are unable to do so or capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases. If any of the foregoing were to occur, it could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Our use of units in our Operating Partnership as currency to acquire properties could result in stockholder dilution or limit our ability to sell such properties, which could have a material adverse effect on us.

We have acquired, and in the future may acquire, properties or portfolios of properties through tax deferred contribution transactions in exchange for OP Units. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation we could deduct over the tax life of the acquired properties, and may require that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions also could limit our ability to sell properties at a time, or on terms, that would be favorable absent such restrictions. In addition, future issuances of OP Units would reduce our ownership percentage in our Operating Partnership and affect the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders. To the extent that our stockholders do not directly own OP Units, our stockholders will not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership.

Significant competition in the leasing market could have a material adverse effect on us, including our financial condition, results of operations, cash flow, cash available for distribution, and our ability to service our debt obligations.

We compete with numerous developers, owners, and operators of real estate, many of which own properties similar to ours in the same submarkets in which our properties are located. If our competitors offer space at rental rates below current market rates or below the rental rates we currently charge our tenants, we may lose existing or potential tenants and we may be pressured to reduce our rental rates below those we currently charge or to offer more substantial rent abatements, tenant improvements, early termination rights, or below-market renewal options in order to retain tenants when our tenants' leases expire. As a result, our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations could be materially and adversely affected.

Our success depends on key personnel whose continued service is not guaranteed, and the loss of one or more of our key personnel could adversely affect our ability to manage our business and to implement our growth strategies or could create a negative perception of our company in the capital markets.

Our continued success and our ability to manage anticipated future growth depend, in large part, upon the efforts of key personnel, particularly Messrs. Hoffler (our Executive Chairman), Kirk (our Vice Chairman), Haddad (our President and Chief Executive Officer), Apperson (our President of Construction), and O'Hara (our Chief Financial Officer, Treasurer, and Corporate Secretary) and Ms. Hampton (our President of Asset Management), who have extensive market knowledge and relationships and exercise substantial influence over our operational, financing, development, and construction activity. Among the reasons that these individuals are important to our success is that each has a national or regional industry reputation that attracts business and investment opportunities and assists us in negotiations with lenders, existing and potential tenants, and industry personnel. We have not currently entered into employment agreements with any of these individuals. If we lose their services, our relationships with such industry personnel could diminish.

Many of our other senior executives also have extensive experience and strong reputations in the real estate industry, which aid us in identifying opportunities, having opportunities brought to us, and negotiating with tenants and build-to-suit

prospects. The loss of services of one or more members of our senior management team, or our inability to attract and retain highly qualified personnel, could adversely affect our business, diminish our investment opportunities, and weaken our relationships with lenders, business partners, existing and prospective tenants, and industry participants, which could materially and adversely affect our financial condition, results of operations, cash flow, and the per share trading price of our common stock.

We may be subject to ongoing or future litigation, including existing claims relating to the entities that owned the properties prior to our initial public offering and otherwise in the ordinary course of business, which could have a material adverse effect on our financial condition, results of operations, cash flow, the per share trading price of our common stock, cash available for distribution, and ability to service our debt obligations.

We may be subject to ongoing or future litigation, including existing claims relating to the entities that owned the properties and operated the businesses prior to our initial public offering and otherwise in the ordinary course of business. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We generally intend to vigorously defend ourselves; however, we cannot be certain of the ultimate outcomes of currently asserted claims or of those that may arise in the future. In addition, we may become subject to litigation in connection with the formation transactions related to our initial public offering in the event that prior investors dispute the valuation of their respective interests, the adequacy of the consideration received by them in the formation transactions or the interpretation of the agreements implementing the formation transactions. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact our earnings and cash flow, thereby having an adverse effect on our financial condition, results of operations, cash flow, the per share trading price of our common stock, cash available for distribution, and ability to service our debt obligations. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could materially and adversely affect our results of operations and cash flow, expose us to increased risks that would be uninsured, and adversely impact our ability to attract officers and directors.

Potential losses from hurricanes in Virginia, Maryland, North Carolina, South Carolina, and Georgia may not be covered by insurance.

All but two of the properties in our portfolio as of December 31, 2018 are located in Virginia, Maryland, North Carolina, South Carolina, and Georgia, which are areas particularly susceptible to hurricanes. While we carry insurance on certain of our properties, the amount of our insurance coverage may not be sufficient to fully cover losses from hurricanes and will be subject to limitations involving large deductibles or co-payments. In addition, we may reduce or discontinue insurance on some or all of our properties in the future if the cost of premiums for any such policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. As a result, in the event of a hurricane, we may be required to incur significant costs, and, to the extent that a loss exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

We may not be able to rebuild our existing properties to their existing specifications if we experience a substantial or comprehensive loss of such properties.

In the event that we experience a substantial or comprehensive loss of one of our properties, we may not be able to rebuild such property to its existing specifications. Further, reconstruction or improvement of such a property would likely require significant upgrades to meet zoning and building code requirements. Environmental and legal restrictions could also restrict the rebuilding of our properties.

Joint venture investments could be materially and adversely affected by our lack of sole decision-making authority, our reliance on co-venturers' financial condition, and disputes between us and our co-venturers.

In the past, we have, and in the future, we expect to, co-invest with third parties through partnerships, joint ventures or other entities, acquiring noncontrolling interests in or sharing responsibility for developing properties and managing the affairs of a property, partnership, joint venture, or other entity. In particular, in connection with the formation transactions related to our initial public offering, we provided certain of the prior investors with the right to co-develop certain projects with us in the future and the right to acquire a minority equity interest in certain properties that we may develop in the future, in each case under certain circumstances and subject to certain conditions set forth in the applicable agreement. Furthermore, as of December 31, 2018, we were 70%, 65%, 80%, 93%, 90%, 70%, and 37% joint venture partners in our Lightfoot Marketplace, Brooks Crossing, Greenside, Hoffer Place, Summit Place, Market at Mill Creek, and City Center development projects,

respectively. In the event that we co-develop a property together with a third party, we would be required to share a portion of the development fee. With respect to any such arrangement or any similar arrangement that we may enter into in the future, we may not be in a position to exercise sole decision-making authority regarding the development, property, partnership, joint venture, or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present where a third party is not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives, and they may have competing interests in our markets that could create conflicts of interest. Such investments may also have the potential risk of impasses on decisions, such as a sale or financing, because neither we nor the partner(s) or co-venturer(s) would have full control over the partnership or joint venture. In addition, a sale or transfer by us to a third party of our interests in the joint venture may be subject to consent rights or rights of first refusal, in favor of our joint venture partners, which would in each case restrict our ability to dispose of our interest in the joint venture. Where we are a limited partner or non-managing member in any partnership or limited liability company, if such entity takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers. Our joint ventures may be subject to debt and, during periods of volatile credit markets, the refinancing of such debt may require equity capital calls.

Mezzanine loans and similar loan investments are subject to significant risks, and losses related to these investments could have a material adverse effect on our financial condition and results of operations.

We have originated, and in the future expect to originate or acquire, mezzanine or similar loans, which take the form of subordinated loans secured by second mortgages on the underlying property or loans secured by a pledge of the ownership interests of either the entity owning the property or a pledge of the ownership interests of the entity that owns the interest in the entity owning the property. As of December 31, 2018, we had approximately \$139.1 million in outstanding mezzanine loans or similar investments. These types of loans involve a higher degree of risk than long-term senior mortgage loans secured by income-producing real property because the loan may become unsecured as a result of foreclosure by the senior lender. In addition, these loans may have higher loan-to-value ratios than conventional mortgage loans, with little or no equity invested by the borrower, increasing the risk of loss of principal. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt is paid in full. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. As a result, we may not recover some or all of our initial investment. Additionally, in conjunction with certain mezzanine loans, we issue partial payment guarantees to the senior lender for the property, which may require us to make payments to the senior lender in the event of a default on the senior note. Finally, in connection with our loan investments, we may have options to purchase all or a portion of the underlying property upon maturity of the loan; however, if a developer's costs for a project are higher than anticipated, exercising such options may not be attractive or economically feasible, or we may not have sufficient funds to exercise such options even if we desire to do so. Significant losses related to mezzanine or similar loan investments could have a material adverse effect on our financial condition and results of operations.

Our growth depends on external sources of capital that are outside of our control and may not be available to us on commercially reasonable terms or at all, which could limit our ability to, among other things, meet our capital and operating needs or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

In order to maintain our qualification as a REIT, we are required under the Code to, among other things, distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, we will be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our REIT taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary capital expenditures, from operating cash flow. Consequently, we intend to rely on third-party sources to fund our capital needs. We may not be able to obtain such financing on favorable terms or at all and any additional debt we incur will increase our leverage and likelihood of default. Our access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market's perception of our growth potential;

- our current debt levels;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price per share of our common stock.

If we cannot obtain capital from third-party sources, we may not be able to acquire or develop properties when strategic opportunities exist, meet the capital and operating needs of our existing properties, satisfy our debt service obligations or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

We may not be able to sustain our growth rate level.

Since our inception, we have achieved significant growth in our portfolio and results of operations. We may not be able to sustain this level of growth, and over time we may experience a decline in our growth rate as a result of various factors, including our ability to successfully acquire and develop retail, office, and multifamily properties, changes in the economic and other conditions in geographic markets in which we conduct business, changes in the real estate market generally, the competitiveness of the real estate market, and the other risks discussed in this section, which could adversely affect the market price of our common stock.

Risks Related to Our Third-Party Construction Business

Adverse economic and regulatory conditions, particularly in the Mid-Atlantic region, could adversely affect our construction and development business, which could have a material adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Our third-party construction activities have been, and are expected to continue to be, primarily focused in the Mid-Atlantic region, although we have also historically undertaken construction projects in various states in the Southeast, Northeast, and Midwest regions of the United States. As a result of our concentration of construction projects in the Mid-Atlantic region of the United States, we are particularly susceptible to adverse economic or other conditions in this market (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, relocations of businesses, labor disruptions, and the costs of complying with governmental regulations or increased regulation), as well as to natural disasters that occur in this region. We cannot assure you that our target markets will support construction and development projects of the type in which we typically engage. While we have the ability to provide a wide range of development and construction services, any adverse economic or real estate developments in the Mid-Atlantic region could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

There can be no assurance that all of the projects for which our construction business is engaged as general contractor will be commenced or completed in their entirety in accordance with the anticipated cost, or that we will achieve the financial results we expect from the construction of such properties, which could materially and adversely affect our results of operations, cash flow, and growth prospects.

Our construction business earns profit for serving as general contractor equal to the difference between the total construction fees that we charge and the costs that we incur to build a property. If the decision is made by a third-party client to abandon a construction project for any reason, our anticipated fee revenue from such project could be significantly lower than we expect. In addition, we defer pre-contract costs when such costs are directly associated with specific anticipated construction contracts and their recovery is deemed probable. In the event that we determine that the execution of a construction contract is no longer probable, we would be required to expense those pre-contract costs in the period in which such determination is made, which could materially and adversely affect our results of operations in such period. Our ability to complete the projects in our construction pipeline on time and on budget could be materially and adversely affected as a result of the following factors, among others:

- shortages of subcontractors, equipment, materials, or skilled labor;
- unscheduled delays in the delivery of ordered materials and equipment;

- unanticipated increases in the cost of equipment, labor, and raw materials;
- unforeseen engineering, environmental, or geological problems;
- weather interferences;
- difficulties in obtaining necessary permits or in meeting permit conditions;
- client acceptance delays; or
- work stoppages and other labor disputes.

If we do not complete construction projects on time and on budget, it could have a material adverse effect on us, including our results of operations, cash flow, and growth prospects.

Our dependence on third-party subcontractors and equipment and material providers could result in material shortages and project delays and could reduce our profits or result in project losses, which could materially and adversely affect our financial condition, results of operations, and cash flow.

Because our construction business provides general contracting services, we rely on third-party subcontractors and equipment and material providers. For example, we procure equipment and construction materials as needed when engaged in large construction projects. To the extent that we cannot engage subcontractors or acquire equipment and materials at reasonable costs or if the amount we are required to pay for subcontractors or equipment exceeds our estimates, our ability to complete a construction project in a timely fashion or at a profit may be impaired. In addition, if a subcontractor or a manufacturer is unable to deliver its services, equipment, or materials according to the negotiated terms for any reason, including the deterioration of its financial condition, we may be required to purchase the services, equipment, or materials from another source at a higher price. Additionally, while our construction contracts generally provide that our obligation to pay subcontractors is expressly made subject to the condition precedent that we shall have first received payment, we cannot assure you that these so called “pay-if-paid” or “pay-when-paid” provisions will be recognized in all jurisdictions in which we do business, or that a subcontractor or payment bond surety may not otherwise be entitled to payment or to record a lien on the affected property. In such event, we may be required to pay a payment bond surety or the subcontractors we engage even though we have yet to receive our fees as general contractor. This may reduce the profit to be realized or result in a loss on a project for which the services, equipment, or materials are needed, which may materially and adversely affect our financial condition, results of operations, and cash flow.

Our construction business recognizes certain revenue using the input method and upon the achievement of contractual milestones, and any delay or cancellation of a construction project could materially and adversely affect our cash flow and results of operations.

Our construction business recognizes certain revenue using the input method and, as a result, revenue from our construction business is driven by the performance of our contractual obligations. The input method of accounting is inherently subjective because it relies on estimates of total project cost as a basis for recognizing revenue and profit. Accordingly, revenue and profit recognized under the input method is potentially subject to adjustments in subsequent periods based on refinements in the estimated cost to complete a project, which could result in a reduction or reversal of previously recorded revenues and profits. In addition, delays in, or the cancellation of, any particular construction project could adversely impact our ability to recognize revenue in a particular period. Furthermore, changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income in the period in which they are determined. If any of the foregoing were to occur, it could have a material adverse effect on our cash flow and results of operations.

Construction project sites are inherently dangerous workplaces, and, as a result, our failure to maintain safe construction project sites could result in deaths or injuries, reduced profitability, the loss of projects or clients, and possible exposure to litigation, any of which could materially and adversely affect our financial condition, results of operations, cash flow, and reputation.

Construction and maintenance sites often put our employees, employees of subcontractors, our tenants, and members of the public in close proximity with mechanized equipment, moving vehicles, chemical and manufacturing processes, and highly regulated materials. On many sites, we are responsible for safety and, accordingly, must implement appropriate safety procedures. If we fail to implement these procedures or if the procedures we implement are ineffective, we may suffer the loss of or injury to our employees or fines or expose our tenants and members of the public to potential injury, thereby creating exposure to litigation. As a result, our failure to maintain adequate safety standards could result in reduced profitability or the loss of projects, clients, and tenants, which may materially and adversely affect our financial condition, results of operations, cash flow, and reputation.

Supply shortages and other risks associated with demand for skilled labor could increase construction costs and delay performance of our obligations under construction contracts, which could materially and adversely affect the profitability of our construction business, our cash flow, and our results of operations.

There is a high level of competition in the construction industry for skilled labor. Increased costs, labor shortages, or other disruptions in the supply of skilled labor, such as carpenters, roofers, electricians, and plumbers, could cause increases in construction costs and construction delays. We may not be able to pass on increases in construction costs because of market conditions or negotiated contractual terms. Sustained increases in construction costs due to competition for skilled labor and delays in performance under construction contracts may materially and adversely affect the profitability of our construction business, our cash flow, and results of operations.

Our failure to successfully and profitably bid on construction contracts could materially and adversely affect our results of operations and cash flow.

Many of the costs related to our construction business, such as personnel costs, are fixed and are incurred by us irrespective of the level of activity of our construction business. The success of our construction business depends, in part, on our ability to successfully and profitably bid on construction contracts for private and public sector clients. Contract proposals and negotiations are complex and frequently involve a lengthy bidding and selection process, which can be impacted by a number of factors, many of which are outside our control, including market conditions, financing arrangements, and required governmental approvals. If we are unable to maintain a consistent backlog of third-party construction contracts, our results of operations and cash flow could be materially and adversely affected.

If we fail to timely complete a construction project, miss a required performance standard, or otherwise fail to adequately perform on a construction project, we may incur losses or financial penalties, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, ability to service our debt obligations, and reputation.

We may contractually commit to a construction client that we will complete a construction project by a scheduled date at a fixed cost. We may also commit that a construction project, when completed, will achieve specified performance standards. If the construction project is not completed by the scheduled date or fails to meet required performance standards, we may either incur significant additional costs or be held responsible for the costs incurred by the client to rectify damages due to late completion or failure to achieve the required performance standards. In addition, completion of projects can be adversely affected by a number of factors beyond our control, including unavoidable delays from governmental inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials, availabilities of subcontractors, changes in the project scope of services requested by our clients, industrial accidents, environmental hazards, labor disruptions, and other factors. In some cases, if we fail to meet required performance standards or milestone requirements, we may also be subject to agreed-upon financial damages in the form of liquidated damages, which are determined pursuant to the contract governing the construction project. To the extent that these events occur, the total costs of the project could exceed our estimates and our contracted cost and we could experience reduced profits or, in some cases, incur a loss on a project, which may materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations. Failure to meet performance standards or complete performance on a timely basis could also adversely affect our reputation.

Unionization or work stoppages could have a material adverse effect on us.

From time to time, our construction business and the subcontractors we engage may use unionized construction workers, which requires us to pay the prevailing wage in a jurisdiction to such workers. Due to the highly labor-intensive and price-competitive nature of the construction business, the cost of unionization or prevailing wage requirements for new developments could be substantial, which could adversely affect our profitability. In addition, the use of unionized construction workers could cause us to become subject to organized work stoppages, which would materially and adversely affect our ability to meet our construction timetables and could significantly increase the cost of completing a construction project.

Risks Related to Our Development Business and Property Acquisitions

Our failure to establish new development relationships with public partners and expand our development relationships with existing public partners could have a material adverse effect on our results of operations, cash flow, and growth prospects.

Our growth strategy depends significantly on our ability to leverage our extensive experience in completing large, complex, mixed-use public/private projects to establish new relationships with public partners and expand our relationships with existing public partners. Future increases in our revenues may depend significantly on our ability to expand the scope of the work we do with the state and local government agencies with which we currently have partnered and attract new state and local government agencies to undertake public/private development projects with us. Our ability to obtain new work with state and local governmental authorities on new public/private development and financing partnerships could be adversely affected by several factors, including decreases in state and local budgets, changes in administrations, the departure of government personnel with whom we have worked, and negative public perceptions about public/private partnerships. In addition, to the extent that we engage in public/private partnerships in states or local communities in which we have not previously worked, we could be subject to risks associated with entry into new markets, such as lack of market knowledge or understanding of the local economy, lack of business relationships in the area, competition with other companies that already have an established presence in the area, difficulties in hiring and retaining key personnel, difficulties in evaluating quality tenants in the area, and unfamiliarity with local governmental and permitting procedures. If we fail to establish new relationships with public partners and expand our relationships with existing public partners, it could have a material adverse effect on our results of operations, cash flow, and growth prospects.

We may be unable to identify and complete development opportunities and acquisitions of properties that meet our investment criteria, which may materially and adversely affect our results of operations, cash flow, and growth prospects.

Our business and growth strategy involves the development and selective acquisition of office, retail and multifamily properties. We may expend significant management time and other resources, including out-of-pocket costs, in pursuing these investment opportunities. Our ability to complete development projects or acquire properties on favorable terms, or at all, may be exposed to the following significant risks:

- we may incur significant costs and divert management attention in connection with evaluating and negotiating potential development opportunities and acquisitions, including those that we are subsequently unable to complete;
- we have agreements for the development or acquisition of properties that are subject to conditions, which we may be unable to satisfy; and
- we may be unable to obtain financing on favorable terms or at all.

If we are unable to identify attractive investment opportunities and successfully develop new properties, our results of operations, cash flow, and growth prospects could be materially and adversely affected.

The risks associated with land holdings and related activities could have a material adverse effect on our results of operations.

We hold options to acquire undeveloped parcels of land for future development and may in the future acquire additional land holdings for development. The risks inherent in purchasing, owning, and developing land increase as demand or rental rates for office, retail or multifamily properties decreases. Real estate markets are highly uncertain and volatile and, as a result, the value of undeveloped land has fluctuated significantly and may continue to fluctuate. In addition, carrying costs, including interest and other pre-development costs, can be significant and can result in losses or reduced profitability. If there are subsequent changes in the fair value of our undeveloped land holdings that cause us to determine that the fair value of our

undeveloped land holdings is less than their carrying basis reflected in our financial statements plus estimated costs to sell, we may be required to take future impairment charges which would reduce our net income and could materially and adversely affect our results of operations.

The success of our activities to design, construct and develop properties in which we will retain an ownership interest is dependent, in part, on the availability of suitable undeveloped land at acceptable prices as well as our having sufficient liquidity to fund investments in such undeveloped land and subsequent development.

Our success in designing, constructing, and developing projects for our own account depends, in part, upon the continued availability of suitable undeveloped land at acceptable prices. The availability of undeveloped land for purchase at favorable prices depends on a number of factors outside of our control, including the risk of competitive over-bidding on land and governmental regulations that restrict the potential uses of land. If the availability of suitable land opportunities decreases, the number of development projects we may be able to undertake could be reduced. In addition, our ability to make land purchases will depend upon us having sufficient liquidity or access to external sources of capital to fund such purchases. Thus, the lack of availability of suitable land opportunities and insufficient liquidity to fund the purchases of any such available land opportunities could have a material adverse effect on our results of operations and growth prospects.

Our real estate development activities are subject to risks particular to development, such as unanticipated expenses, delays and other contingencies, any of which could materially and adversely affect our financial condition, results of operations, and cash flow.

We engage in development and redevelopment activities and will be subject to the following risks associated with such activities:

- unsuccessful development or redevelopment opportunities could result in direct expenses to us and cause us to incur losses;
- construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable;
- occupancy rates and rents of a completed project may not be sufficient to make the project profitable; and
- the availability and pricing of financing to fund our development activities on favorable terms or at all.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development or redevelopment activities once undertaken, any of which could have a material adverse effect on our financial condition, results of operations, and cash flow.

There can be no assurance that all of the properties in our development pipeline will be completed in their entirety in accordance with the anticipated cost, or that we will achieve the results we expect from the development of such properties, which could materially and adversely affect our financial condition, results of operations, and growth prospects.

The development of the projects in our development pipeline is subject to numerous risks, many of which are outside of our control. The cost necessary to complete the development of our development pipeline could be materially higher than we anticipate. Because we generally intend to commence the construction phase of an office or retail project for our own account only where a substantial percentage of the commercial space is pre-leased, we could decide not to undertake construction on one or more of the projects in our development pipeline if our pre-leasing efforts are unsuccessful. Furthermore, if we are delayed in the completion of any development project, tenants may have the right to terminate pre-development leases, which could materially and adversely affect the financial viability of the project. In addition, even if we decide to commence construction on a project, we can provide no assurances that we will complete any of the projects in our development pipeline on the anticipated schedule, or that, once completed, the properties in our development pipeline will achieve the results that we expect. If the development of the projects in our development pipeline is not completed in accordance with our anticipated timing or at the anticipated cost, or the properties fail to achieve the financial results we expect, it could have a material adverse effect on our financial condition, results of operations, and growth prospects.

Risks Related to the Real Estate Industry

Our business is subject to risks associated with real estate assets and the real estate industry, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Our ability to pay expected dividends to our stockholders depends on our ability to generate revenues in excess of expenses, scheduled principal payments on debt, and capital expenditure requirements. Events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution and the value of our properties. These events include many of the risks set forth above under “—Risks Related to Our Business,” as well as the following:

- oversupply or reduction in demand for office, retail, or multifamily space in our markets;
- adverse changes in financial conditions of buyers, sellers, and tenants of properties;
- vacancies or our inability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights, or below-market renewal options, and the need to periodically repair, renovate, and re-lease space;
- increased operating costs, including insurance premiums, utilities, real estate taxes, and state and local taxes;
- a favorable interest rate environment that may result in a significant number of potential residents of our multifamily apartment communities deciding to purchase homes instead of renting;
- rent control or stabilization laws or other laws regulating rental housing, which could prevent us from raising rents to offset increases in operating costs;
- civil unrest, acts of war, terrorist attacks, and natural disasters, including hurricanes, which may result in uninsured or underinsured losses;
- decreases in the underlying value of our real estate;
- changing submarket demographics; and
- changing traffic patterns.

In addition, periods of economic downturn or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.

The real estate investments made, and to be made, by us are difficult to sell quickly. As a result, our ability to promptly sell one or more properties in our portfolio in response to changing economic, financial, and investment conditions is limited. Return of capital and realization of gains, if any, from an investment generally will occur upon disposition or refinancing of the underlying property. We may be unable to realize our investment objectives by disposition or refinancing at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, our ability to dispose of one or more properties within a specific time period is subject to certain limitations imposed by our tax protection agreements, as well as weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions, and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located.

In addition, the Code imposes restrictions on a REIT’s ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs effectively require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of

properties that otherwise would be in our best interests. Therefore, we may not be able to vary our portfolio in response to economic or other conditions promptly or on favorable terms.

Our property taxes could increase due to property tax rate changes or reassessment, which would adversely impact our cash flows and cash available for distribution.

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay some state and local taxes on our properties. The real property taxes on our properties may increase as property tax rates change or as our properties are assessed or reassessed by taxing authorities. Therefore, the amount of property taxes we pay in the future may increase substantially from what we have paid in the past. If the property taxes we pay increase, our cash flow and cash available for distribution would be adversely impacted.

As an owner of real estate, we could incur significant costs and liabilities related to environmental matters.

Under various federal, state, and local laws and regulations relating to the environment, as a current or former owner or operator of real property, we may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste, or petroleum products at, on, in, under or migrating from such property, including costs to investigate and clean up such contamination and liability for harm to natural resources. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. These liabilities could be substantial and the cost of any required remediation, removal, fines, or other costs could exceed the value of the property and our aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability for costs of remediation and personal or property damage or materially and adversely affect our ability to sell, lease, or develop our properties or to borrow using the properties as collateral. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which the properties may be used or businesses may be operated, and these restrictions may require substantial expenditures. See “Part I—Business—Regulation.”

Some of our properties have been or may be impacted by contamination arising from current or prior uses of the property, or adjacent properties, for commercial or industrial purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials. For example, some of the tenants of properties in our retail portfolio operate gas stations or other businesses that utilize storage tanks to store petroleum products, propane, or wastes typically associated with automobile service or other operations conducted at the properties, and spills or leaks of hazardous materials from those storage tanks could expose us to liability. See “Part I—Business—Regulation—Environmental Matters.” In addition to the foregoing, while we obtained Phase I Environmental Site Assessments for each of the properties in our portfolio, the assessments are limited in scope and may have failed to identify all environmental conditions or concerns. For example, they do not generally include soil sampling, subsurface investigations or hazardous materials surveys. Furthermore, we do not have current Phase I Environmental Site Assessment reports for all of the properties in our portfolio and, as such, may not be aware of all potential or existing environmental contamination liabilities at the properties in our portfolio. As a result, we could potentially incur material liability for these issues.

As the owner of the buildings on our properties, we could face liability for the presence of hazardous materials, such as asbestos or lead, or other adverse conditions, such as poor indoor air quality, in our buildings. Environmental laws govern the presence, maintenance, and removal of hazardous materials in buildings, and if we do not comply with such laws, we could face fines for such noncompliance. Also, we could be liable to third parties, such as occupants of the buildings, for damages related to exposure to hazardous materials or adverse conditions in our buildings, and we could incur material expenses with respect to abatement or remediation of hazardous materials or other adverse conditions in our buildings. In addition, some of our tenants routinely may handle and use hazardous or regulated substances and wastes as part of their operations at our properties, which are subject to regulation. Such environmental and health and safety laws and regulations could subject us or our tenants to liability resulting from these activities. Environmental liabilities could affect a tenant’s ability to make rental payments to us, and changes in laws could increase the potential liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect our operations, or those of our tenants, which could in turn have an adverse effect on us. If we incur material environmental liabilities in the future, we may face significant remediation costs, and we may find it difficult to sell any affected properties.

Our properties may contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs of remediation.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses, and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants, or others if property damage or personal injury is alleged to have occurred.

We may incur significant costs complying with various federal, state and local laws, regulations, and covenants that are applicable to our properties.

Properties are subject to various covenants and federal, state, and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions, and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or community standards organizations at any time with respect to our properties, including prior to developing or acquiring a property or when undertaking renovations of any of our existing properties. Among other things, these restrictions may relate to fire and safety, seismic, or hazardous material abatement requirements. There can be no assurance that existing laws and regulatory policies will not adversely affect us or the timing or cost of any future development, acquisitions, or renovations, or that additional regulations will not be adopted that increase such delays or result in additional costs. Our growth strategy may be affected by our ability to obtain permits, licenses, and zoning relief.

In addition, federal and state laws and regulations, including laws such as the ADA and the Fair Housing Amendment Act of 1988 (“FHAA”), impose further restrictions on our properties and operations. Under the ADA and the FHAA, all public accommodations must meet federal requirements related to access and use by disabled persons. Some of our properties may currently be in non-compliance with the ADA or the FHAA. If one or more of the properties in our portfolio is not in compliance with the ADA, the FHAA, or any other regulatory requirements, we may incur additional costs to bring the property into compliance, incur governmental fines or the award of damages to private litigants, or be unable to refinance such properties. In addition, we do not know whether existing requirements will change or whether future requirements will require us to make significant unanticipated expenditures that will adversely impact our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Risks Related to Our Organizational Structure

Daniel Hoffler and his affiliates own, directly or indirectly, a substantial beneficial interest in our company on a fully diluted basis and have the ability to exercise significant influence on our company and our Operating Partnership, including the approval of significant corporate transactions.

As of December 31, 2018, Daniel Hoffler, our Executive Chairman, owned approximately 9% and, collectively, Messrs. Hoffler, Haddad, and Kirk owned approximately 15% of the combined outstanding shares of our common stock and OP Units of our Operating Partnership (which OP Units may be redeemable for shares of our common stock). Consequently, these individuals may be able to significantly influence the outcome of matters submitted for stockholder action, including the approval of significant corporate transactions, including business combinations, consolidations, and mergers.

Conflicts of interest may exist or could arise in the future between the interests of our stockholders and the interests of holders of units in our Operating Partnership, which may impede business decisions that could benefit our stockholders.

Conflicts of interest may exist or could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our Operating Partnership or any partner thereof, on the other. Our directors and officers have duties to our company under Maryland law in connection with their management of our company. At the same time, we, as the general partner of our Operating Partnership, have fiduciary duties and obligations to our Operating Partnership and its limited partners under Virginia law and the partnership agreement of our Operating Partnership in connection with the management of our Operating Partnership. Our fiduciary duties and obligations as the general partner of our Operating Partnership may come into conflict with the duties of our directors and officers to our company. Messrs. Hoffler, Haddad, and Kirk own a significant

interest in our Operating Partnership as limited partners and may have conflicts of interest in making decisions that affect both our stockholders and the limited partners of our Operating Partnership.

Under Virginia law, a general partner of a Virginia limited partnership has fiduciary duties of loyalty and care to the partnership and its partners and must discharge its duties and exercise its rights as general partner under the partnership agreement or Virginia law consistently with the obligation of good faith and fair dealing. The partnership agreement provides that, in the event of a conflict between the interests of our Operating Partnership or any partner, on the one hand, and the separate interests of our company or our stockholders, on the other hand, we, in our capacity as the general partner of our Operating Partnership, are under no obligation not to give priority to the separate interests of our company or our stockholders, and that any action or failure to act on our part or on the part of our directors that gives priority to the separate interests of our company or our stockholders that does not result in a violation of the contractual rights of the limited partners of the Operating Partnership under its partnership agreement does not violate the duty of loyalty that we, in our capacity as the general partner of our Operating Partnership, owe to the Operating Partnership and its partners.

Additionally, the partnership agreement provides that we will not be liable to the Operating Partnership or any partner for monetary damages for losses sustained, liabilities incurred, or benefits not derived by the Operating Partnership or any limited partner, except for liability for our intentional harm or gross negligence. Our Operating Partnership must indemnify us, our directors and officers, and our designees from and against any and all claims that relate to the operations of our Operating Partnership, unless: (i) an act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) the person actually received an improper personal benefit in violation or breach of the partnership agreement, or (iii) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. Our Operating Partnership must also pay or reimburse the reasonable expenses of any such person upon its receipt of a written affirmation of the person's good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification. Our Operating Partnership will not indemnify or advance funds to any person with respect to any action initiated by the person seeking indemnification without our approval (except for any proceeding brought to enforce such person's right to indemnification under the partnership agreement) or if the person is found to be liable to our Operating Partnership on any portion of any claim in the action.

We may be subject to unknown or contingent liabilities related to acquired properties and properties that we may acquire in the future, which could have a material adverse effect on us.

Properties that we have acquired, and properties that we may acquire in the future, may be subject to unknown or contingent liabilities for which we may have no recourse, or only limited recourse, against the sellers. In general, the representations and warranties provided under the transaction agreements related to the purchase of properties that we acquire may not survive the completion of the transactions. Furthermore, indemnification under such agreements may be limited and subject to various materiality thresholds, a significant deductible, or an aggregate cap on losses. As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with these properties may exceed our expectations, and we may experience other unanticipated adverse effects, all of which may materially and adversely affect us.

Our charter contains certain provisions restricting the ownership and transfer of our stock that may delay, defer, or prevent a change of control transaction that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Our charter contains certain ownership limits with respect to our stock. Our charter, among other restrictions, prohibits the beneficial or constructive ownership by any person of more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our stock, excluding any shares that are not treated as outstanding for federal income tax purposes. Our board of directors, in its sole and absolute discretion, may exempt a person, prospectively or retroactively, from this ownership limit if certain conditions are satisfied. This ownership limit as well as other restrictions on ownership and transfer of our stock in our charter may:

- discourage a tender offer or other transactions or a change in management or of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests; and

- result in the transfer of shares acquired in excess of the restrictions to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the acquirer of certain of the benefits of owning the additional shares.

We could increase the number of authorized shares of stock, classify and reclassify unissued stock, and issue stock without stockholder approval.

Our board of directors, without stockholder approval, has the power under our charter to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue. In addition, under our charter, our board of directors, without stockholder approval, has the power to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and set the preference, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, or terms or conditions of redemption for such newly classified or reclassified shares. As a result, we may issue series or classes of common stock or preferred stock with preferences, dividends, powers, and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of our common stock. Although our board of directors has no such intention at the present time, it could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer, or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Certain provisions of Maryland law could inhibit changes of control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Certain provisions of the Maryland General Corporation Law (the “MGCL”) may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- “business combination” provisions that, subject to limitations, prohibit certain business combinations between us and an “interested stockholder” (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting shares or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our then outstanding stock at any time within the two-year period immediately prior to the date in question) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose certain fair price and supermajority stockholder voting requirements on these combinations; and
- “control share” provisions that provide that holders of “control shares” of our company (defined as shares of stock that, when aggregated with other shares of stock controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of issued and outstanding “control shares”) have no voting rights with respect to their control shares, except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

By resolution of our board of directors, we have opted out of the business combination provisions of the MGCL and provided that any business combination between us and any other person is exempt from the business combination provisions of the MGCL, provided that the business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such persons). In addition, pursuant to a provision in our bylaws, we have opted out of the control share provisions of the MGCL. However, our board of directors may by resolution elect to opt in to the business combination provisions of the MGCL and we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL in the future.

Certain provisions of the MGCL permit our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain corporate governance provisions, some of which are not currently applicable to us. If implemented, these provisions may have the effect of limiting or precluding a third party from making an unsolicited acquisition proposal for us or of delaying, deferring, or preventing a change in control of us under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then current market price. Our charter contains a provision whereby we elect, at such time as we become

eligible to do so, to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on our board of directors.

Certain provisions in the partnership agreement of our Operating Partnership may delay, make more difficult, or prevent unsolicited acquisitions of us.

Provisions in the partnership agreement of our Operating Partnership may delay, make more difficult, or prevent unsolicited acquisitions of us or changes of our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some of our stockholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights;
- a requirement that we may not be removed as the general partner of our Operating Partnership without our consent;
- transfer restrictions on OP Units;
- our ability, as general partner, in some cases, to amend the partnership agreement and to cause the Operating Partnership to issue units with terms that could delay, defer, or prevent a merger or other change of control of us or our Operating Partnership without the consent of the limited partners; and
- the right of the limited partners to consent to direct or indirect transfers of the general partnership interest, including as a result of a merger or a sale of all or substantially all of our assets, in the event that such transfer requires approval by our common stockholders.

The limited partners in our Operating Partnership (other than us) owned approximately 25.5% of the outstanding OP Units of our Operating Partnership as of December 31, 2018.

Our tax protection agreements could limit our ability to sell or otherwise dispose of certain properties.

In connection with the formation transactions related to our initial public offering, our Operating Partnership entered into tax protection agreements that provide that if we dispose of any interest in certain protected properties in a taxable transaction prior to the seventh (or, in a limited number of cases, the tenth) anniversary of the completion of the formation transactions, subject to certain exceptions, we will indemnify certain contributors, including Messrs. Hoffler, Haddad, Kirk, and Apperson and their respective affiliates and certain of our other officers, for their tax liabilities attributable to the built-in gain that existed with respect to such property interests as of the time of our initial public offering, and the tax liabilities incurred as a result of such tax protection payment. In addition, in connection with certain acquisitions completed since our initial public offering, we entered into tax protection agreements that require us to indemnify the contributors for their tax liabilities in the event that we dispose of the properties subject to the tax protection agreements, and may enter into similar agreements in connection with future property acquisitions. Therefore, although it may be in our stockholders' best interests that we sell one of these properties, it may be economically prohibitive or unattractive for us to do so because of these obligations. Moreover, as a result of these potential tax liabilities, Messrs. Hoffler, Haddad, Kirk, and Apperson and certain of our other officers may have a conflict of interest with respect to our determination as to certain of our properties.

Our board of directors may change our strategies, policies, and procedures without stockholder approval and we may become more highly leveraged, which may increase our risk of default under our debt obligations.

Our investment, financing, leverage, and distribution policies, and our policies with respect to all other activities, including growth, capitalization, and operations, will be determined exclusively by our board of directors and may be amended or revised at any time by our board of directors without notice to or a vote of our stockholders. This could result in us conducting operational matters, making investments, or pursuing different business or growth strategies than those contemplated in this Annual Report on Form 10-K. Further, our charter and bylaws do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur. Our board of directors may alter or eliminate our current policy on borrowing at any time without stockholder approval. If this policy changed, we could become more highly leveraged, which could result in an increase in our debt service costs. Higher leverage also increases the risk of default on our obligations. In addition, a change in our investment policies, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure to interest rate risk, real estate market fluctuations

and liquidity risk. Changes to our policies with regards to the foregoing could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

Under Maryland law, generally, a director will not be liable if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our charter limits the liability of our directors and officers to us and our stockholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated.

Our charter authorizes us to indemnify our directors and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. Our bylaws require us to indemnify each director and officer, to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to us. In addition, we may be obligated to advance the defense costs incurred by our directors and officers. We have entered into indemnification agreements with each of our executive officers and directors whereby we agreed to indemnify our directors and executive officers to the fullest extent permitted by Maryland law against all expenses and liabilities incurred in their capacity as an officer or director, subject to limited exceptions. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist absent the current provisions in our charter and bylaws and the indemnification agreements or that might exist with other companies.

We are a holding company with no direct operations and, as such, we will rely on funds received from our Operating Partnership to pay liabilities, and the interests of our stockholders will be structurally subordinated to all liabilities and obligations of our Operating Partnership and its subsidiaries.

We are a holding company and conduct substantially all of our operations through our Operating Partnership. We do not have, apart from an interest in our Operating Partnership, any independent operations. As a result, we rely on cash distributions from our Operating Partnership to pay any dividends we might declare on shares of our common stock. We also rely on distributions from our Operating Partnership to meet any of our obligations, including any tax liability on taxable income allocated to us from our Operating Partnership. In addition, because we are a holding company, your claims as a stockholder will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of our Operating Partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation, or reorganization, our assets and those of our Operating Partnership and its subsidiaries will be available to satisfy the claims of our stockholders only after all of our and our Operating Partnership's and its subsidiaries' liabilities and obligations have been paid in full.

Our Operating Partnership may issue additional OP Units to third parties without the consent of our stockholders, which would reduce our ownership percentage in our Operating Partnership and could have a dilutive effect on the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders.

As of December 31, 2018, we owned 74.5% of the outstanding OP Units in our Operating Partnership. We regularly have issued OP Units to third parties as consideration for acquisitions, and we may continue to do so in the future. Any such future issuances would reduce our ownership percentage in our Operating Partnership and could affect the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders. Because stockholders do not directly own OP Units, you do not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership.

Risks Related to Our Status as a REIT

Failure to qualify as a REIT, or failure to remain qualified as a REIT, would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distribution to our stockholders.

We have elected to be taxed and to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 2013. We have not requested and do not plan to request a ruling from the Internal Revenue Service (the “IRS”) that we qualify as a REIT. Therefore, we cannot be assured that we will qualify as a REIT, or that we will remain qualified as such in the future. If we fail to qualify as a REIT or otherwise lose our REIT status in any taxable year, we will face serious tax consequences that would substantially reduce the funds available for distribution to our stockholders for each of the years involved because:

- we would not be allowed a deduction for dividends paid to stockholders in computing our taxable income and would be subject to U.S. federal income tax at regular corporate rates;
- we could be subject to increased state and local taxes; and
- unless we are entitled to relief under certain U.S. federal income tax laws, we could not re-elect REIT status until the fifth calendar year after the year in which we failed to qualify as a REIT.

In addition, if we fail to qualify as a REIT, we will no longer be required to make distributions. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect the value of our common stock.

Even if we qualify as a REIT, we may face other tax liabilities that reduce our cash flows.

Even if we qualify for taxation as a REIT, we may be subject to certain federal, state, and local taxes on our income and assets, including taxes on any undistributed income, tax on income from some activities conducted as a result of a foreclosure, and state or local income, property, and transfer taxes. In addition, our TRS will be subject to regular corporate federal, state, and local taxes. Any of these taxes would decrease cash available for distribution to our stockholders.

Failure to make required distributions would subject us to U.S. federal corporate income tax.

We intend to continue to operate in a manner so as to qualify as a REIT for U.S. federal income tax purposes. In order to qualify as a REIT, we generally are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, each year to our stockholders. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to U.S. federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders in a calendar year is less than a minimum amount specified under the Code.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders, and the ownership of our capital stock. In order to meet these tests, we may be required to forego investments we might otherwise make. Thus, compliance with the REIT requirements may hinder our performance.

In particular, we must ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities, and qualified real estate assets. The remainder of our investment in securities (other than government securities, securities of TRSs, and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets (other than government securities, securities of TRSs, and qualified real estate assets) can consist of the securities of any one issuer, and no more than 20% of the value of our total assets can be represented by the securities of one or more TRSs. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be

required to liquidate otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

The prohibited transactions tax may limit our ability to dispose of our properties.

A REIT's net income from prohibited transactions is subject to a 100% tax. In general, prohibited transactions are sales or other dispositions of property other than foreclosure property, held primarily for sale to customers in the ordinary course of business. We may be subject to the prohibited transaction tax equal to 100% of the net gain upon a disposition of real property. Although a safe harbor to the characterization of the sale of real property by a REIT as a prohibited transaction is available, we cannot assure you that we can comply with the safe harbor or that we will avoid owning property that may be characterized as held primarily for sale to customers in the ordinary course of business. Consequently, we may choose not to engage in certain sales of our properties or may conduct such sales through our TRS, which would be subject to federal and state income taxation.

The ability of our board of directors to revoke our REIT qualification without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our taxable income and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders.

Our ownership of our TRS will be subject to limitations and our transactions with our TRS will cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

Overall, no more than 20% of the value of a REIT's assets may consist of stock or securities of one or more TRS. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. Furthermore, we will monitor the value of our respective investments in our TRS for the purpose of ensuring compliance with TRS ownership limitations and will structure our transactions with our TRS on terms that we believe are arm's length to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with the 20% REIT subsidiaries limitation or to avoid application of the 100% excise tax.

You may be restricted from acquiring or transferring certain amounts of our common stock.

The restrictions on ownership and transfer in our charter may inhibit market activity in our capital stock and restrict our business combination opportunities.

In order to qualify as a REIT for each taxable year after 2013, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding stock at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our capital stock under this requirement. Additionally, at least 100 persons must beneficially own our capital stock during at least 335 days of a taxable year for each taxable year after 2013. To help ensure that we meet these tests, our charter restricts the acquisition and ownership of shares of our capital stock.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary to preserve our qualification as a REIT. Unless exempted by our board of directors, our charter prohibits any person from beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. Our board of directors may not grant an exemption from this restriction to any proposed transferee whose ownership in excess of 9.8% of the value of our outstanding shares would result in our failing to qualify as a REIT. This restriction, as well as other restrictions on transferability and ownership will not apply, however, if our board of directors determines that it is no longer in our best interests to continue to qualify as a REIT.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to "qualified dividend income" payable to U.S. stockholders that are taxed at individual rates is 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates on qualified

dividend income. Instead, our ordinary dividends generally are taxed at the higher tax rates applicable to ordinary income, the current maximum rate of which is 37%. However, for taxable years prior to 2026, individual stockholders are generally allowed to deduct 20% of the aggregate amount of ordinary dividends distributed by us, subject to certain limitations, which would reduce the maximum marginal effective tax rate for individuals on the receipt of such ordinary dividends to 29.6%.

Changes to the U.S. federal income tax laws, including the enactment of certain tax reform measures, could have an adverse impact on our business and financial results.

The legislation commonly known as the Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017. The Tax Act significantly changed the U.S. federal income taxation of U.S. businesses and their owners, including REITs and their stockholders. The impact of the act on us and our shareholders is uncertain, and may not become evident for some period of time. For example, the act contained provisions that may reduce the relative competitive advantage of operating as a REIT, including the lowering of income tax rates on individuals and corporations, which eases the burden of double taxation on corporate dividends and potentially causes the single level of taxation on REIT distributions to become relatively less attractive. The act also contains provisions allowing the expensing of capital expenditures, which could result in the bunching of taxable income and required distributions for REITs, and provisions extending the depreciable lives of certain real estate assets and further limiting the deductibility of interest expense, which could negatively impact the real estate market. In addition, although the Tax Act was recently passed, there can be no assurance that future changes to the U.S. federal income tax laws or regulatory changes will not be proposed or enacted that could impact our business and financial results. The REIT rules are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department, which may result in revisions to regulations and interpretations in addition to statutory changes. If enacted, certain of such changes could have an adverse impact on our business and financial results.

We cannot predict whether, when, or to what extent the Tax Act and any new U.S. federal tax laws, regulations, interpretations, or rulings will impact the real estate investment industry or REITs. Prospective investors are urged to consult their tax advisors regarding the effect of the Tax Act and potential future changes to the federal tax laws on an investment in our shares.

If our Operating Partnership failed to qualify as a partnership for federal income tax purposes, we would cease to qualify as a REIT and suffer other adverse consequences.

We believe that our Operating Partnership will be treated as a partnership for federal income tax purposes. As a partnership, our Operating Partnership will not be subject to federal income tax on its income. Instead, each of its partners, including us, will be allocated, and may be required to pay tax with respect to, its share of our Operating Partnership's income. We cannot assure you, however, that the IRS will not challenge the status of our Operating Partnership or any other subsidiary partnership in which we own an interest as a partnership for federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating our Operating Partnership or any such other subsidiary partnership as an entity taxable as a corporation for federal income tax purposes, we would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, accordingly, we would likely cease to qualify as a REIT. Also, the failure of our Operating Partnership or any subsidiary partnerships to qualify as a partnership could cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us.

To maintain our REIT status, we may be forced to borrow funds during unfavorable market conditions, and the unavailability of such capital on favorable terms at the desired times, or at all, may cause us to curtail our investment activities or dispose of assets at inopportune times or on unfavorable terms, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

To qualify as a REIT, we generally must distribute to our stockholders at least 90% of our REIT taxable income each year, excluding net capital gains, and we will be subject to regular corporate income taxes to the extent that we distribute less than 100% of our REIT taxable income each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. In order to maintain our REIT status and avoid the payment of income and excise taxes, we may need to borrow funds to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from, among other things, differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required principal or amortization payments. These sources, however, may not be available on favorable terms or at all. Our access to third-party

sources of capital depends on a number of factors, including the market's perception of our growth potential, our current debt levels, the market price of our common stock, and our current and potential future earnings. We cannot assure you that we will have access to such capital on favorable terms at the desired times, or at all, which may cause us to curtail our investment activities or dispose of assets at inopportune times or on unfavorable terms, which could materially and adversely affect our financial condition, results of operations, cash flow, cash available for distribution, and ability to service our debt obligations.

Risks Related to Our Common Stock

We may be unable to make distributions at expected levels, which could result in a decrease in the market price of our common stock.

We intend to continue to pay regular quarterly distributions to our stockholders. All distributions will be made at the discretion of our board of directors and will be based upon, among other factors, our historical and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, capital expenditure and other expense obligations, debt covenants, contractual prohibitions or other limitations, applicable law, and such other matters as our board of directors may deem relevant from time to time. If sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital, borrow to provide funds for such distributions, or reduce the amount of such distributions. To the extent we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been. If cash available for distribution generated by our assets is less than our current estimate, or if such cash available for distribution decreases in future periods from expected levels, our inability to make the expected distributions could result in a decrease in the market price of our common stock.

Our ability to make distributions may also be limited by our credit facility. Under the terms of the credit facility, our ability to make distributions during any twelve-month period is limited to the greater of (1) 95% of our adjusted funds from operations (as defined in the credit agreement) or (2) the amount required for us to (a) maintain our REIT status and (b) avoid the payment of federal or state income or excise tax. In addition, if a default or events of default exist or would result from a distribution, we are precluded from making certain distributions other than those required to allow us to maintain our status as a REIT.

As a result of the foregoing, we may not be able to make distributions in the future, and our inability to make distributions, or to make distributions at expected levels, could result in a decrease in the market price of our common stock.

The market price and trading volume of our common stock may be volatile and could decline substantially in the future.

The market price of our common stock may be volatile in the future. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. We cannot assure stockholders that the market price of our common stock will not fluctuate or decline significantly in the future, including as a result of factors unrelated to our operating performance or prospects in 2019 compared to 2018. In particular, the market price of our common stock could be subject to wide fluctuations in response to a number of factors, including, among others, the following:

- actual or anticipated variations in our quarterly operating results or dividends;
- changes in our FFO, Normalized FFO, or earnings estimates;
- publication of research reports about us or the real estate industry;
- increases in market interest rates that lead purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- speculation in the press or investment community;

- the realization of any of the other risk factors presented in this Annual Report on Form 10-K;
- the extent of investor interest in our securities;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- changes in the federal government;
- our underlying asset value;
- investor confidence in the stock and bond markets generally;
- further changes in tax laws;
- future equity issuances;
- failure to meet earnings estimates;
- failure to meet and maintain REIT qualifications;
- changes in our credit ratings;
- general market and economic conditions;
- our issuance of debt or preferred equity securities; and
- our financial condition, results of operations, and prospects.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material and adverse effect on our financial condition, results of operations, cash flow, cash available for distribution, ability to service our debt obligations, and the per share trading price of our common stock.

Increases in market interest rates may have an adverse effect on the trading prices of our common stock as prospective purchasers of our common stock may expect a higher dividend yield and as an increased cost of borrowing may decrease our funds available for distribution.

One of the factors that will influence the trading prices of our common stock will be the dividend yield on the common stock (as a percentage of the price of our common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our common stock to expect a higher dividend yield (with a resulting decline in the trading prices of our common stock) and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decrease.

The number of shares of our common stock available for future issuance or sale could materially and adversely affect the per share trading price of our common stock and our ability to obtain additional capital.

We cannot predict whether future issuances or sales of shares of our common stock or the availability of shares for resale in the open market will decrease the per share trading price of our common stock. The issuance of substantial numbers of shares of our common stock in the public market, the redemption of OP Units for shares of our common stock, or the perception that such issuances might occur could adversely affect the per share trading price of our common stock. As of February 26, 2019, 50,335,242 shares of our common stock were outstanding. In addition, as of February 26, 2019, 16,991,933 OP Units in our Operating Partnership were outstanding (other than OP Units held by us), which were eligible to be tendered for redemption for cash or, at our option, for shares of our common stock on a one-for-one basis. We have an effective resale shelf registration statement pursuant to which we may issue freely tradeable shares of our common stock upon redemption of such OP Units. Accordingly, a substantial number of shares of our common stock could be issued in the future pursuant to such resale shelf registration statement. In addition, we have an effective shelf registration statement covering the possible resale,

from time to time, of up to 2,000,000 shares of our common stock that were issued in connection with our acquisition of a retail property in October 2016. The sale of such shares, or the perception that such a sale may occur, could materially and adversely affect the per share trading price of our common stock. In addition, as of February 26, 2019, 930,602 shares of our common stock and other equity-based awards were available for future issuance under our 2013 Amended and Restated Equity Incentive Plan (our "Equity Plan").

The issuance of substantial numbers of shares of equity securities, including OP Units, or the perception that such issuances might occur, could materially and adversely affect us, including the per share trading price of shares of our common stock.

The redemption of OP Units for common stock, the vesting of any restricted stock granted to certain directors, executive officers, and other employees under our Equity Plan, the issuance of our common stock or OP Units in connection with future property, portfolio, or business acquisitions, and other issuances of our common stock could have an adverse effect on the per share trading price of our common stock, and the existence of units, options, or shares of our common stock issuable under our Equity Plan or upon redemption of OP Units may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future issuances of shares of our common stock or OP Units may be dilutive to existing stockholders.

Future offerings of debt, which would be senior to our common stock upon liquidation, and preferred equity securities, which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may materially and adversely affect us, including the per share trading price of our common stock.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities (or causing our Operating Partnership to issue debt securities), including medium-term notes, senior or subordinated notes, and classes or series of preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will be entitled to receive our available assets prior to distribution to the holders of our common stock. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences, and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Our preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability pay dividends to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings. Thus, our stockholders bear the risk that our future offerings could reduce the per share trading price of our common stock and dilute their interest in us.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The information set forth under the captions "Our Properties" and "Development Pipeline" in Item 1 of this Annual Report on Form 10-K is incorporated by reference herein.

Item 3. Legal Proceedings.

The nature of our business exposes our properties, us and the Operating Partnership to the risk of claims and litigation in the normal course of business. Other than routine litigation arising out of the ordinary course of business, we are not presently subject to any material litigation nor, to our knowledge, is any material litigation threatened against us.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

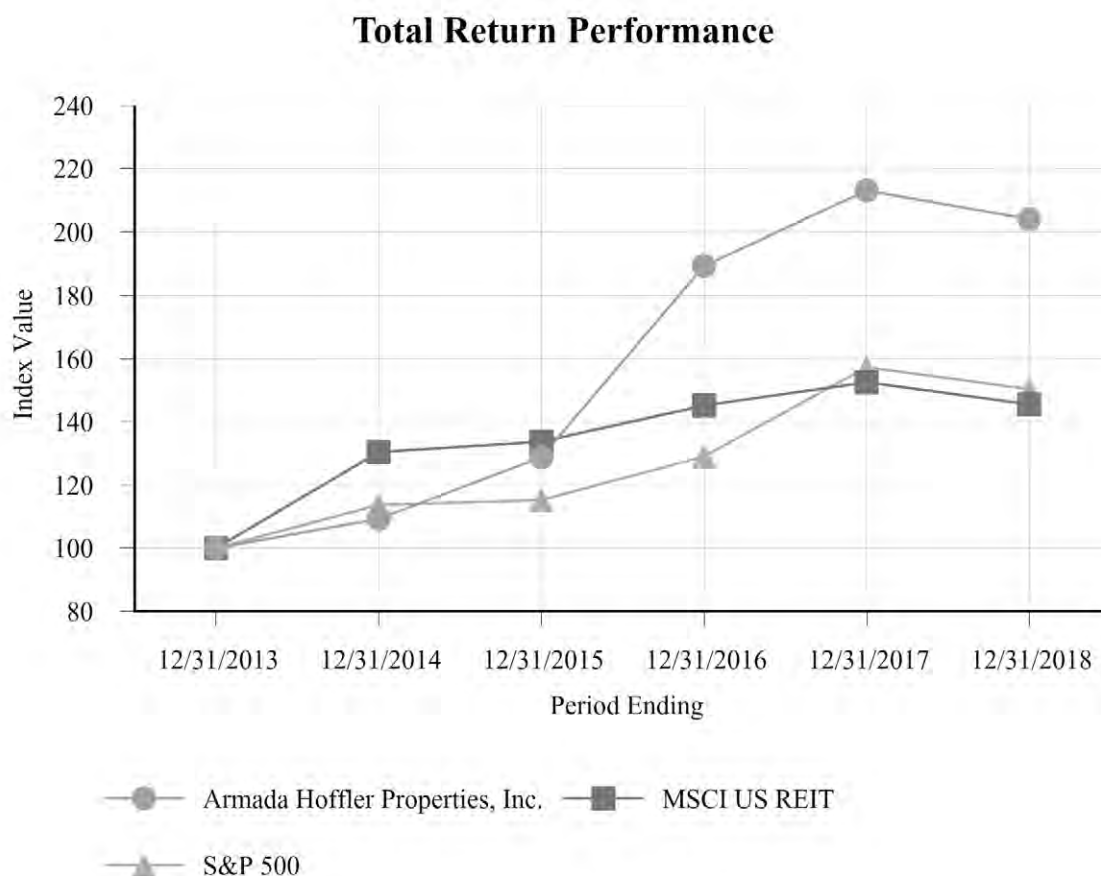
Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock trades on the NYSE under the symbol "AHH."

Stock Performance Graph

The following graph sets forth the cumulative total stockholder return (assuming reinvestment of dividends) to our stockholders during the period December 31, 2013 through December 31, 2018, as well as the corresponding returns on an overall stock market index (S&P 500) and a peer group index (MSCI US REIT Index). The stock performance graph assumes that \$100 was invested on December 31, 2013. Historical total stockholder return is not necessarily indicative of future results. The information in this paragraph and the following graph shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, other than as provided in Item 201 of Regulation S-K, or to the liabilities of Section 18 of the Exchange Act, except to the extent we specifically request that such information be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act or the Exchange Act.



Index	Period Ending					
	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
Armada Hoffler Properties, Inc.	100.00	109.27	128.84	189.34	213.05	204.06
MSCI US REIT	100.00	130.38	133.67	145.16	152.52	145.55
S&P 500	100.00	113.69	115.26	129.05	157.22	150.33

Distribution Information

Since our initial quarter as a publicly-traded REIT, we have made regular quarterly distributions to our stockholders. We intend to continue to declare quarterly distributions. However, we cannot provide any assurance as to the amount or timing of future distributions.

Any future distributions will be at the sole discretion of our board of directors, and their form, timing, and amount, if any, will depend upon a number of factors, including our actual and projected financial condition, liquidity, EBITDA, FFO, Normalized FFO, results of operations, the revenue we actually receive from our properties, our operating expenses, our debt service requirements, our capital expenditures, prohibitions and other limitations under our financing arrangements, as described above, our REIT taxable income, the annual REIT distribution requirements, applicable law, and such other factors as our board of directors deems relevant. To the extent that our cash available for distribution is less than 90% of our REIT taxable income, we may consider various means to cover any such shortfall, including borrowing under our credit facility or other loans, selling certain of our assets, or using a portion of the net proceeds we receive from offerings of equity, equity-related, or debt securities, or declaring taxable share dividends.

To the extent that we make distributions in excess of our earnings and profits, as computed for federal income tax purposes, these distributions will represent a return of capital, rather than a dividend, for federal income tax purposes. Distributions that are treated as a return of capital for federal income tax purposes will reduce the stockholder's basis in its shares (but not below zero) and therefore can result in the stockholder having a higher gain upon a subsequent sale of such shares. Return of capital distributions in excess of a stockholder's basis generally will be treated as gain from the sale of such shares for federal income tax purposes.

Stockholder Information

As of February 26, 2019, there were approximately 111 holders of record of our common stock. However, because many shares of our common stock are held by brokers and other institutions on behalf of stockholders, we believe there are substantially more beneficial holders of our common stock than record holders. As of February 26, 2019, there were 84 holders (other than our company) of our OP units. Our OP units are redeemable for cash or, at our election, for shares of our common stock.

Unregistered Sales of Equity Securities

Subject to the satisfaction of certain conditions, holders of Class A Units in the Operating Partnership may tender their units for redemption by the Operating Partnership in exchange for cash equal to the market price of shares of the Company's common stock at the time of redemption or, at the Company's option and sole discretion, for shares of common stock on a one-for-one basis. During the three months ended December 31, 2018, the Company elected to satisfy certain redemption requests by issuing a total of 17,200 shares of common stock in reliance upon an exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended.

Issuer Purchases of Equity Securities

During the three months ended December 31, 2018, certain of our employees surrendered shares of common stock owned by them to satisfy their minimum statutory federal and state tax obligations associated with the vesting of restricted shares of common stock issued under our Amended and Restated 2013 Equity Incentive Plan (the "Amended Plan"). The following table summarizes all of these repurchases during the three months ended December 31, 2018.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid for Shares ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
October 1, 2018 through October 31, 2018	—	\$ —	N/A	N/A
November 1, 2018 through November 30, 2018	4,222	15.32	N/A	N/A
December 1, 2018 through December 31, 2018	—	—	N/A	N/A
Total	4,222	15.32		

- (1) The number of shares purchased represents shares of common stock surrendered by one of our employees to satisfy his statutory minimum federal and state tax obligations associated with the vesting of restricted shares of common stock issued under the Amended Plan. With respect to these shares, the price paid per share is based on the fair value at the time of surrender.

Item 6. Selected Financial Data.

The following selected historical consolidated and combined financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated and combined financial statements as of December 31, 2018 and 2017 and for the three years ended December 31, 2018 and the related notes included elsewhere in this Annual Report on Form 10-K. The selected historical consolidated financial information as of and for the years ended December 31, 2018, 2017, 2016, 2015 and 2014 has been derived from our audited historical financial statements.

	Years Ended December 31,				
	2018	2017	2016	2015	2014
	(\$ in thousands, except per share data)				
Operating Data:					
Rental revenues	\$ 116,958	\$ 108,737	\$ 99,355	\$ 81,172	\$ 64,746
General contracting and real estate services revenues	76,359	194,034	159,030	171,268	103,321
Rental expenses	27,222	25,422	21,904	19,204	16,667
Real estate taxes	11,383	10,528	9,629	7,782	5,743
General contracting and real estate services expenses	73,628	186,590	153,375	165,344	98,754
Depreciation and amortization	39,913	37,321	35,328	23,153	17,569
Interest expense	(19,087)	(17,439)	(16,466)	(13,333)	(10,648)
Loss on extinguishment of debt	(11)	(50)	(82)	(512)	—
Gain on real estate dispositions and acquisitions	4,254	8,087	30,533	18,394	2,211
Net income	\$ 23,492	\$ 29,925	\$ 42,755	\$ 31,183	\$ 12,759
Net income attributable to stockholders	\$ 17,203	\$ 21,047	\$ 28,074	\$ 19,642	\$ 7,691
Net income per share—basic and diluted	\$ 0.36	\$ 0.50	\$ 0.85	\$ 0.75	\$ 0.36
Cash dividends declared per share	\$ 0.80	\$ 0.76	\$ 0.72	\$ 0.68	\$ 0.64
Balance Sheet Data:					
Real estate investments, at cost	\$ 1,176,586	\$ 994,437	\$ 908,287	\$ 633,591	\$ 595,000
Accumulated depreciation	(188,775)	(164,521)	(139,553)	(125,380)	(116,099)
Net real estate investments	987,811	829,916	768,734	508,211	478,901
Real estate investments held for sale	929	—	—	40,232	8,538
Cash and cash equivalents	21,254	19,959	21,942	26,989	25,883
Notes receivable	138,683	83,058	59,546	7,825	—
Construction assets	17,512	24,178	39,543	36,623	19,704
Total assets	\$ 1,265,382	\$ 1,043,123	\$ 982,468	\$ 689,547	\$ 588,022
Indebtedness, net	694,239	517,272	522,180	377,593	356,345
Construction liabilities	53,833	51,036	61,297	54,291	43,452
Total liabilities	809,492	622,840	633,490	463,827	426,116
Total equity	455,890	420,283	348,978	225,720	161,906
Other Data:					
Funds from operations ⁽¹⁾	\$ 64,339	\$ 59,651	\$ 47,980	\$ 35,942	\$ 28,117
Normalized funds from operations ⁽¹⁾	66,458	59,332	50,921	38,659	28,594
Cash provided by operating activities	56,087	51,236	56,985	33,266	31,362
Cash used for investing activities	(240,563)	(95,355)	(223,031)	(57,961)	(105,306)
Cash provided by financing activities	185,611	41,842	161,426	24,401	80,945

(1) For definitions and discussion of FFO and Normalized FFO, see the section below entitled "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations--Non-GAAP Financial Measures." The following table sets forth a reconciliation of our FFO and Normalized FFO to net income, the most directly comparable GAAP equivalent, for the periods presented:

	Years Ended December 31,				
	2018	2017	2016	2015	2014
	(\$ in thousands)				
Net income	\$ 23,492	\$ 29,925	\$ 42,755	\$ 31,183	\$ 12,759
Depreciation and amortization ⁽¹⁾	40,178	37,321	35,328	23,153	17,569
Gain on operating real estate dispositions ⁽²⁾	(833)	(7,595)	(30,103)	(18,394)	(2,211)
Impairment of real estate assets	1,502	—	—	—	—
Funds from operations	\$ 64,339	\$ 59,651	\$ 47,980	\$ 35,942	\$ 28,117
Acquisition, development and other pursuit costs	352	648	1,563	1,935	229
Impairment of intangible assets and liabilities	117	110	355	41	15
Loss on extinguishment of debt	11	50	82	512	—
Change in fair value of interest rate derivatives	951	(1,127)	941	229	233
Severance related costs	688	—	—	—	—
Normalized funds from operations	\$ 66,458	\$ 59,332	\$ 50,921	\$ 38,659	\$ 28,594

(1) The adjustment for depreciation and amortization for the year ended December 31, 2018 includes depreciation and amortization attributable to our investment in One City Center, which is an unconsolidated real estate investment.

(2) The adjustment for gain on operating real estate dispositions for the year ended December 31, 2018 excludes the gain on the River City industrial facility because this property was sold before being placed into service. The adjustment for gain on operating real estate dispositions for the year ended December 31, 2017 excludes the gain on the land outparcel at Sandbridge Commons because this was a non-operating parcel. Additionally, the adjustment for gain on real estate dispositions for the year ended December 31, 2016 excludes the gain on the Newport News Economic Authority building because this property was sold before being placed in service.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

References to “we,” “our,” “us,” and “our company” refer to Armada Hoffer Properties, Inc., a Maryland corporation, together with our consolidated subsidiaries, including Armada Hoffer, L.P., a Virginia limited partnership, of which we are the sole general partner and to which we refer in this Annual Report on Form 10-K as our Operating Partnership.

Business Description

We are a full service real estate company with extensive experience developing, building, owning, and managing high-quality, institutional-grade office, retail, and multifamily properties in attractive markets throughout the Mid-Atlantic and Southeastern United States. As of December 31, 2018, our operating property portfolio was comprised of 39 retail properties, four office properties, and five multifamily properties. In addition to our operating property portfolio, we had two office properties, four multifamily properties, and three retail properties in various stages of development or stabilization as of December 31, 2018. We also provide general contracting services to third parties and invest in development projects through mezzanine lending arrangements.

Substantially all of our assets are held by, and all of our operations are conducted through, our Operating Partnership. We are the sole general partner of our Operating Partnership and, as of December 31, 2018, we owned, through a combination of direct and indirect interests, 74.5% of the outstanding OP units in our Operating Partnership.

We elected to be taxed as a REIT for U.S. federal income tax purposes commencing with the taxable year ended December 31, 2013.

Our principal executive office is located at 222 Central Park Avenue, Suite 2100, Virginia Beach, Virginia 23462 in the Armada Hoffer Tower at the Virginia Beach Town Center. In addition, we have construction offices located at 249 Central Park Avenue, Suite 300, Virginia Beach, Virginia 23462 and 1300 Thames Street, Suite 30, Baltimore, Maryland 21231. The telephone number for our principal executive office is (757) 366-4000. We maintain a website at www.armadahoffer.com. The information on, or accessible through, our website is not incorporated into and does not constitute a part of this report.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements that have been prepared in accordance with GAAP. The preparation of these financial statements requires us to exercise our best judgment in making estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances. We evaluate our estimates on an ongoing basis, based upon current available information. Actual results could differ from these estimates.

We believe the following accounting policies and estimates are the most critical to understanding our reported financial results as their effect on our financial condition and results of operations is material.

Rental Revenues

We lease our properties under operating leases and recognize base rents on a straight-line basis over the lease term. We also recognize revenue from tenant recoveries, through which tenants reimburse us for expenses paid by us such as utilities, janitorial, repairs and maintenance, security and alarm, parking lot and grounds, general and administrative, management fees, insurance, and real estate taxes on an accrual basis. Our rental revenues are reduced by the amount of any leasing incentives on a straight-line basis over the term of the applicable lease. We include a renewal period in the lease term only if it appears at lease inception that the renewal is reasonably assured. We begin recognizing rental revenue when the tenant has the right to take possession of or controls the physical use of the property under lease. We maintain control of the physical use of the property under lease if we serve as the general contractor for the buildout of leasehold improvements.

Rental revenue is recognized subject to management's evaluation of tenant credit risk. The extended collection period for accrued straight-line rental revenue along with our evaluation of tenant credit risk may result in the non-recognition of all or a portion of straight-line rental revenue until the collection of such revenue is reasonably assured.

General Contracting and Real Estate Services Revenues

We recognize general contracting revenues as a customer obtains control of promised goods or services in an amount that reflects the consideration we expect to receive in exchange for those goods or services. For each construction contract, we identify the performance obligations, which typically include the delivery of a single building constructed according to the specifications of the contract. We estimate the total transaction price, which generally includes a fixed contract price and may also include variable components such as early completion bonuses, liquidated damages, or cost savings to be shared with the customer. Variable components of the contract price are included in the transaction price to the extent that it is probable that a significant reversal of revenue will not occur. We recognize the estimated transaction price as revenue as we satisfy our performance obligations; we estimate our progress in satisfying performance obligations for each contract using the input method, based on the proportion of incurred costs relative to total estimated construction costs at completion. Provisions for estimated losses on uncompleted contracts are recognized immediately in the period in which such losses are determined.

We recognize real estate services revenues from property development and management as we satisfy our performance obligations under these service arrangements.

Operating Property Acquisitions

In connection with operating property acquisitions, we identify and recognize all assets acquired and liabilities assumed at their relative fair values as of the acquisition date. The purchase price allocations to tangible assets, such as land, site improvements, and buildings and improvements, are presented within income producing property in the consolidated balance sheets and depreciated over their estimated useful lives. Acquired lease intangible assets and liabilities are presented within other assets and liabilities in the consolidated balance sheets and amortized over their respective lease terms. We amortize in-place lease assets as depreciation and amortization expense on a straight-line basis over the remaining term of the related leases. We amortize above-market lease assets as reductions to rental revenues on a straight-line basis over the remaining term of the related leases. We amortize below-market lease liabilities as increases to rental revenues on a straight-line basis over the remaining term of the related leases. We amortize below-market ground lease assets as increases to rental expenses on a straight-line basis over the remaining term of the related leases. Prior to October 1, 2016, we expensed all costs incurred related to operating property acquisitions. On October 1, 2016, we adopted newly issued accounting guidance that allows capitalization of costs related to operating property acquisitions.

We value land based on a market approach, looking to recent sales of similar properties, adjusting for differences due to location, the state of entitlement, and the shape and size of the parcel. Improvements to land are valued using a replacement cost approach. The approach applies industry standard replacement costs adjusted for geographic specific considerations and reduced by estimated depreciation. The value of buildings acquired is estimated using the replacement cost approach, assuming the buildings were vacant at acquisition. The replacement cost approach considers the composition of the structures acquired, adjusted for an estimate of depreciation. The estimate of depreciation is made considering industry standard information and depreciation curves for the identified asset classes. The value of acquired lease intangible assets and liabilities considers the estimated cost of leasing the properties as if the acquired buildings were vacant, as well as the value of the current leases relative to market-rate leases. The in-place lease value is determined using an estimated total lease-up time and lost rental revenues during such time. The value of current leases relative to market-rate leases is based on market rents obtained for market comparables. Given the significance of unobservable inputs used in the valuation of acquired real estate assets, we classify them as Level 3 inputs in the fair value hierarchy.

We value debt assumed in connection with operating property acquisitions based on a discounted cash flow analysis of the expected cash flows of the debt. Such analysis considers the contractual terms of the debt, including the period to maturity, credit characteristics, and other terms of the arrangements, which are Level 3 inputs in the fair value hierarchy.

Real Estate Project Costs

We capitalize direct and certain indirect costs clearly associated with the development, redevelopment, construction, leasing, or expansion of our real estate assets. Capitalized project costs include direct material, labor, subcontract costs, real estate taxes, insurance, utilities, ground rent, interest on borrowing obligations, and salaries and related personnel costs.

We capitalize direct and indirect project costs associated with the initial construction or redevelopment of a property up to the time the property is substantially complete and ready for its intended use. We believe the completion of the building shell is the proper basis for determining substantial completion of initial construction.

We also capitalize direct and indirect costs, including interest costs, on vacant space during extended lease-up periods after construction of the building shell has been completed if costs are being incurred to prepare the vacant space for its intended use. If costs and activities incurred to prepare the vacant space for its intended use cease, then cost capitalization is also discontinued until such activities are resumed. Once necessary work has been completed on a vacant space, project costs are no longer capitalized. In addition, all leasing commissions paid to third parties for new leases or lease renewals are capitalized.

We depreciate buildings on a straight-line basis over 39 years and tenant improvements over the shorter of their estimated useful lives or the term of the related lease.

Real Estate Impairment

We evaluate our real estate assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such an evaluation is necessary, we compare the carrying amount of any such real estate asset with the undiscounted expected future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. Our estimate of the expected future cash flows attributable to a real estate asset is based upon, among other things, our estimates regarding future market conditions, rental rates, occupancy levels, tenant improvements, leasing commissions, tenant concessions, and assumptions regarding the residual value of our properties. If the carrying amount of a real estate asset exceeds its associated undiscounted expected future cash flows, we recognize an impairment loss to reduce the carrying amount of the real estate asset to its fair value based on marketplace participant assumptions.

Interest Income

Interest income on notes receivable is accrued based on the contractual terms of the loans and when, in the opinion of management, it is deemed collectible. Many loans provide for accrual of interest that will not be paid until maturity of the loan. Interest is recognized on these loans at the accrual rate subject to management's determination that accrued interest is ultimately collectible, based on the underlying collateral and the status of development activities, as applicable. If management cannot make this determination, recognition of interest income may be fully or partially deferred until it is ultimately paid.

Notes Receivable Impairment

We evaluate the collectibility of both the interest on and principal of each of our notes receivable based primarily upon the financial condition of the individual borrowers and the value of the underlying development project. A loan is determined to be impaired when, based upon then-current information, it is no longer probable that we will be able to collect all contractual amounts due from the borrower. We consider factors such as the progress of development activities, including leasing activities, projected development costs, and current and projected loan balances. The amount of impairment loss recognized is measured as the difference between the carrying amount of the loan and its estimated realizable value.

Guarantees

We measure and record a liability for the fair value of our guarantees on a nonrecurring basis upon issuance using Level 3 internally-developed inputs. These guarantees typically relate to payments that we could be required to make to senior lenders on our mezzanine loan investments. We base our estimated fair value on the market approach, which compares the guarantee terms and credit characteristics of the underlying development project to other projects for which guarantee pricing terms are available. The offsetting entry for the guarantee liability is a premium on the related loan receivable. The liability is amortized on a straight-line basis over the remaining term of the guarantee. On a quarterly basis, we assess the likelihood of a contingent liability in connection with these guarantees and will record an additional guarantee liability if the remaining unamortized guarantee liability is determined to be insufficient.

Segment Results of Operations

As of December 31, 2018, we operated our business in four segments: (i) office real estate, (ii) retail real estate, (iii) multifamily residential real estate, and (iv) general contracting and real estate services that are conducted through our taxable REIT subsidiaries ("TRS"). Net operating income (segment revenues minus segment expenses) ("NOI") is the measure used by management to assess segment performance and allocate our resources among our segments. NOI is not a measure of operating income or cash flows from operating activities as measured by GAAP and is not indicative of cash available to fund cash needs. As a result, NOI should not be considered an alternative to cash flows as a measure of liquidity. Not all companies calculate NOI in the same manner. We consider NOI to be an appropriate supplemental measure to net income because it assists both investors and management in understanding the core operations of our real estate and construction businesses. See Note 3 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K for a reconciliation of NOI to net income, the most directly comparable GAAP measure.

We define same store properties as those that we owned and operated and that were stabilized for the entirety of both periods compared. We generally consider a property to be stabilized upon the earlier of: (i) the quarter after the property reaches 80% occupancy or (ii) the thirteenth quarter after the property receives its certificate of occupancy. Additionally, any property that is fully or partially taken out of service for the purpose of redevelopment is no longer considered stabilized until the redevelopment activities are complete, the asset is placed back into service, and the occupancy criterion above is again met. A property may also be fully or partially taken out of service as a result of a partial disposition, depending on the significance of the portion of the property disposed. Finally, any property classified as held for sale is taken out of service for the purpose of computing same store operating results.

Office Segment Data

	Years Ended December 31,		
	2018	2017	2016
		(\$ in thousands)	
Rental revenues	\$ 20,701	\$ 19,207	\$ 20,929
Property expenses	7,892	7,342	7,560
NOI	<u>\$ 12,809</u>	<u>\$ 11,865</u>	<u>\$ 13,369</u>
Square feet ⁽¹⁾	796,509	799,855	847,240
Occupancy ⁽¹⁾	93.3%	89.9%	86.8%

(1) Stabilized properties as of the end of the periods presented.

Rental revenues for the year ended December 31, 2018 increased \$1.5 million compared to the year ended December 31, 2017. NOI for the year ended December 31, 2018 increased \$0.9 million compared to the year ended December 31, 2017. The increase in rental revenues and NOI resulted from new tenants and renewals across the Town Center office portfolio, most notably at 4525 Main Street. These increases were partially offset by the disposition of the Commonwealth of Virginia-Chesapeake and Commonwealth of Virginia-Virginia Beach properties, which occurred in the third quarter of 2017.

Rental revenues for the year ended December 31, 2017 decreased \$1.7 million compared to the year ended December 31, 2016. NOI for the year ended December 31, 2017 decreased \$1.5 million compared to the year ended December 31, 2016. The decreases in rental revenues and NOI resulted from the disposition of four properties, including Richmond Tower and Oyster Point, which occurred in the first quarter and third quarter of 2016, respectively, as well as the Commonwealth of Virginia-Chesapeake and Commonwealth of Virginia-Virginia Beach properties, which occurred in the third quarter of 2017.

Office Same Store Results

Office same store rental revenues, property expenses, and NOI for the comparative years ended December 31, 2018 and 2017 and December 31, 2017 and 2016 were as follows:

	Years Ended			Years Ended		
	December 31,			December 31,		
	2018 ⁽¹⁾	2017 ⁽¹⁾	Change	2017 ⁽²⁾	2016 ⁽²⁾	Change
	(\$ in thousands)					
Rental revenues	\$ 14,125	\$ 13,615	\$ 510	\$ 13,615	\$ 14,323	\$ (708)
Property expenses	5,496	5,196	300	5,435	5,273	162
Same Store NOI	\$ 8,629	\$ 8,419	\$ 210	\$ 8,180	\$ 9,050	\$ (870)
Non-Same Store NOI	4,180	3,446	734	3,685	4,319	(634)
Segment NOI	\$ 12,809	\$ 11,865	\$ 944	\$ 11,865	\$ 13,369	\$ (1,504)

(1) Same store excludes 4525 Main Street and the Commonwealth of Virginia-Chesapeake and Commonwealth of Virginia-Virginia Beach office buildings.

(2) Same store excludes 4525 Main Street, the Richmond Tower building, the Oyster Point building, and the Commonwealth of Virginia-Chesapeake and Commonwealth of Virginia-Virginia Beach office buildings.

Same store rental revenues and NOI for the year ended December 31, 2018 increased compared to the year ended December 31, 2017 due to new tenants and renewals across the same store office portfolio.

Same store rental revenues and NOI for the year ended December 31, 2017 decreased compared to the year ended December 31, 2016 due to the expansion and relocation of a tenant from One Columbus to 4525 Main Street during the fourth quarter of 2016 and the expansion and relocation of another tenant from Two Columbus to 4525 Main Street during the third quarter of 2017. For the year ended December 31, 2017, the NOI from these tenants that relocated to 4525 Main Street are included in Non-Same Store NOI. In addition, decreased occupancy at the Armada Hoffer Tower contributed to the period-over-period decrease in office same store NOI.

Retail Segment Data

	Years Ended December 31,		
	2018	2017	2016
	(\$ in thousands)		
Rental revenues	\$ 67,959	\$ 63,109	\$ 56,511
Property expenses	17,704	16,409	14,511
NOI	<u>\$ 50,255</u>	<u>\$ 46,700</u>	<u>\$ 42,000</u>
Square feet ⁽¹⁾	3,702,733	3,498,480	3,592,558
Occupancy ⁽¹⁾	96.2%	96.5%	95.8%

(1) Stabilized properties as of the end of the periods presented.

Rental revenues for the year ended December 31, 2018 increased \$4.9 million compared to the year ended December 31, 2017. NOI for the year ended December 31, 2018 increased \$3.6 million compared to the year ended December 31, 2017. The increases in rental revenues and NOI resulted primarily from property acquisitions and new real estate placed into service during 2018 and 2017. During the year ended December 31, 2018, we acquired Indian Lakes Crossing, Parkway Centre, and Lexington Square and placed into service Premier Retail as well as certain outparcels at Lightfoot Marketplace. During the year ended December 31, 2017, we acquired an outparcel phase of Wendover Village.

Rental revenues for the year ended December 31, 2017 increased \$6.6 million compared to the year ended December 31, 2016. NOI for the year ended December 31, 2017 increased \$4.7 million compared to the year ended December 31, 2016. The increases in rental revenues and NOI resulted primarily from property acquisitions and new real estate placed into service during 2017 and 2016. During the year ended December 31, 2017, we acquired an outparcel phase of Wendover Village. During the year ended December 31, 2016, we acquired the 11-property retail portfolio, Southgate Square, Southshore Shops, Columbus Village II, and Renaissance Square and placed into service Brooks Crossing Retail and Lightfoot Marketplace.

Retail Same Store Results

Retail same store rental revenues, property expenses, and NOI for the comparative years ended December 31, 2018 and 2017 and December 31, 2017 and 2016 were as follows:

	Years Ended		Change	Years Ended		Change
	December 31,	December 31,		December 31,	December 31,	
	2018 ⁽¹⁾	2017 ⁽¹⁾		2017 ⁽²⁾	2016 ⁽²⁾	
	(\$ in thousands)					
Rental revenues	\$ 56,693	\$ 56,348	\$ 345	\$ 37,707	\$ 37,154	\$ 553
Property expenses	13,156	12,844	312	10,757	10,241	516
Same Store NOI	<u>\$ 43,537</u>	<u>\$ 43,504</u>	<u>\$ 33</u>	<u>\$ 26,950</u>	<u>\$ 26,913</u>	<u>\$ 37</u>
Non-Same Store NOI	6,718	3,196	3,522	19,750	15,087	4,663
Segment NOI	<u>\$ 50,255</u>	<u>\$ 46,700</u>	<u>\$ 3,555</u>	<u>\$ 46,700</u>	<u>\$ 42,000</u>	<u>\$ 4,700</u>

- (1) Same store excludes Lightfoot Marketplace, Brooks Crossing, the outparcel phase of Wendover Village, Indian Lakes Crossing, Parkway Centre, Lexington Square, Premier Retail, Broad Creek Shopping Center, and Waynesboro Commons.
- (2) Same store excludes the 11-property retail portfolio, Southgate Square, Lightfoot Marketplace, Southshore Shops, Brooks Crossing, Columbus Village II, Renaissance Square, and the outparcel phase of Wendover Village.

Same store rental revenues and NOI for the year ended December 31, 2018 increased slightly compared to the year ended December 31, 2017. The increases in rental revenues from new tenants and renewals were mostly offset by increases in real estate taxes and operating expenses across the same store portfolio.

Same store rental revenues and NOI for the year ended December 31, 2017 increased compared to the year ended December 31, 2016 primarily because of higher occupancy at Sandbridge Commons, Broad Creek, Hanbury Village, North Point, Providence, and 249 Central Park. These increases were partially offset by lower occupancy at Columbus Village and increased administrative expense, maintenance and repair expense, and bad debt expense.

Multifamily Segment Data

	Years Ended December 31,		
	2018	2017	2016
	(\$ in thousands)		
Rental revenues	\$ 28,298	\$ 26,421	\$ 21,915
Property expenses	13,009	12,199	9,462
NOI	<u>\$ 15,289</u>	<u>\$ 14,222</u>	<u>\$ 12,453</u>
Apartment units	1,586	1,266	1,266
Occupancy	97.3%	92.9%	94.3%

Rental revenues for the year ended December 31, 2018 increased \$1.9 million compared to the year ended December 31, 2017. NOI increased \$1.1 million compared to the year ended December 31, 2017. The increases in rental revenues and NOI resulted primarily from increased occupancy and increased rental rates at Johns Hopkins Village, as well as the delivery of Premier Apartments, for which the final phase was placed into service during the fourth quarter of 2018, and the delivery of Greenside Apartments, portions of which were placed into service in the third and fourth quarters of 2018. Increased occupancy at Liberty Apartments and increased rates at Smith's Landing also contributed to the increases.

Rental revenues for the year ended December 31, 2017 increased \$4.5 million compared to the year ended December 31, 2016. NOI increased \$1.8 million compared to the year ended December 31, 2016. The increases in rental revenues and NOI resulted primarily from the delivery of Johns Hopkins Village in August 2016.

Multifamily Same Store Results

Multifamily same store rental revenues, property expenses, and NOI for the comparative years ended December 31, 2018 and 2017 and December 31, 2017 and 2016 were as follows:

	Years Ended			Years Ended		
	December 31,		Change	December 31,		Change
	2018 ⁽¹⁾	2017 ⁽¹⁾		2017 ⁽²⁾	2016 ⁽²⁾	
	(\$ in thousands)					
Rental revenues	\$ 11,834	\$ 11,473	\$ 361	\$ 18,892	\$ 19,194	\$ (302)
Property expenses	4,989	4,869	120	8,876	8,410	466
Same Store NOI	\$ 6,845	\$ 6,604	\$ 241	\$ 10,016	\$ 10,784	\$ (768)
Non-Same Store NOI	8,444	7,618	826	4,206	1,669	2,537
Segment NOI	\$ 15,289	\$ 14,222	\$ 1,067	\$ 14,222	\$ 12,453	\$ 1,769

(1) Same store excludes Johns Hopkins Village, Greenside Apartments, Premier Apartments, and the Cosmopolitan.

(2) Same store excludes Johns Hopkins Village.

Same store rental revenues and NOI for the year ended December 31, 2018 increased compared to the year ended December 31, 2017 primarily as a result of increased occupancy at Liberty Apartments and increased rates at Smith's Landing.

Same store rental revenues for the year ended December 31, 2017 decreased compared to the year ended December 31, 2016 primarily because of lower occupancy at The Cosmopolitan in the Town Center of Virginia Beach attributed to the loss of retail tenants at the property and construction activities at an adjacent property. In addition, NOI decreased due to higher expenses for repairs and maintenance, property taxes, administration, and utilities.

General Contracting and Real Estate Services Segment Data

	Years Ended December 31,		
	2018	2017	2016
	(\$ in thousands)		
Segment revenues	\$ 76,359	\$ 194,034	\$ 159,030
Gross profit	\$ 2,731	\$ 7,444	\$ 5,655
Operating margin	3.6%	3.8%	3.6%
Construction backlog	\$ 165,863	\$ 49,167	\$ 217,718

Segment revenues for the year ended December 31, 2018 decreased \$117.7 million compared to the year ended December 31, 2017. Gross profit for the year ended December 31, 2018 decreased \$4.7 million compared to the year ended December 31, 2017. The decrease in segment revenues resulted from a lower level of new third-party contracts during 2018 until December 2018, when the Interlock Commercial and Solis Apartments at Interlock projects commenced.

Segment revenues for the year ended December 31, 2017 increased \$35.0 million compared to the year ended December 31, 2016. Gross profit for the year ended December 31, 2017 increased \$1.8 million compared to the year ended December 31, 2016. The increase in segment revenues resulted from work performed on several large projects in the backlog as of December 31, 2016, including Annapolis Junction, Point Street, and City Center.

The changes in construction backlog for each of the three years ended December 31, 2018 were as follows:

	Years Ended December 31,		
	2018	2017	2016
	(\$ in thousands)		
Beginning backlog	\$ 49,167	\$ 217,718	\$ 83,433
New contracts/change orders	192,852	25,224	293,115
Work performed	(76,156)	(193,775)	(158,830)
Ending backlog	\$ 165,863	\$ 49,167	\$ 217,718

During the year ended December 31, 2018, we executed new contracts for the Interlock Commercial and Solis Apartments at Interlock projects, which added \$84.9 million and \$62.3 million, respectively, to the December 31, 2018 backlog.

During the year ended December 31, 2017, we performed work on several significant projects, including Annapolis Junction, Point Street, and City Center, resulting in work performed of \$50.2 million, \$40.7 million, and \$31.3 million, respectively.

During the year ended December 31, 2016, we executed several new contracts, including Annapolis Junction and the Dinwiddie County administration building, which added \$50.2 million and \$23.0 million, respectively, to the December 31, 2016 backlog.

Consolidated Results of Operations

The following table summarizes our results of operations for the years ended December 31, 2018, 2017, and 2016:

	Years Ended December 31,			2018	2017
	2018	2017	2016	Change	Change
	(\$ in thousands)				
Revenues					
Rental revenues	\$ 116,958	\$ 108,737	\$ 99,355	\$ 8,221	\$ 9,382
General contracting and real estate services revenues	76,359	194,034	159,030	(117,675)	35,004
Total revenues	193,317	302,771	258,385	(109,454)	44,386
Expenses					
Rental expenses	27,222	25,422	21,904	1,800	3,518
Real estate taxes	11,383	10,528	9,629	855	899
General contracting and real estate services expenses	73,628	186,590	153,375	(112,962)	33,215
Depreciation and amortization	39,913	37,321	35,328	2,592	1,993
General and administrative expenses	11,431	10,435	9,552	996	883
Acquisition, development and other pursuit costs	352	648	1,563	(296)	(915)
Impairment charges	1,619	110	355	1,509	(245)
Total expenses	165,548	271,054	231,706	(105,506)	39,348
Gain on real estate dispositions	4,254	8,087	30,533	(3,833)	(22,446)
Operating income	32,023	39,804	57,212	(7,781)	(17,408)
Interest income	10,729	7,077	3,228	3,652	3,849
Interest expense	(19,087)	(17,439)	(16,466)	(1,648)	(973)
Equity in income of unconsolidated real estate entities	372	—	—	372	—
Loss on extinguishment of debt	(11)	(50)	(82)	39	32
Change in fair value of interest rate derivatives	(951)	1,127	(941)	(2,078)	2,068
Other income	388	131	147	257	(16)
Income before taxes	23,463	30,650	43,098	(7,187)	(12,448)
Income tax benefit (provision)	29	(725)	(343)	754	(382)
Net income	\$ 23,492	\$ 29,925	\$ 42,755	\$ (6,433)	\$ (12,830)

Rental Revenues. Rental revenues by segment for the years ended December 31, 2018, 2017, and 2016 were as follows:

	Years Ended December 31,			2018	2017
	2018	2017	2016	Change	Change
	(\$ in thousands)				
Office	\$ 20,701	\$ 19,207	\$ 20,929	\$ 1,494	\$ (1,722)
Retail	67,959	63,109	56,511	4,850	6,598
Multifamily	28,298	26,421	21,915	1,877	4,506
	\$ 116,958	\$ 108,737	\$ 99,355	\$ 8,221	\$ 9,382

Rental revenues increased \$8.2 million during the year ended December 31, 2018 compared to the year ended December 31, 2017. The increase in office rental revenues resulted primarily from new tenants and renewals most notably at 4525 Main Street, which more than offset the decreases in rental revenues resulting from dispositions of the Commonwealth of Virginia-Chesapeake and Commonwealth of Virginia-Virginia Beach properties, which were sold in 2017. The increase in retail rental revenues resulted primarily from property acquisitions and new real estate placed into service. During the year ended December 31, 2018, we acquired Indian Lakes Crossing, Parkway Centre, and Lexington Square and placed into service Premier Retail as well as certain outparcels at Lightfoot Marketplace. During the year ended December 31, 2017, we acquired

an outparcel phase of Wendover Village. The increase in multifamily rental revenues resulted primarily from increased occupancy and increased rates at Johns Hopkins Village, the delivery of Premier Apartments, for which the final phase was placed into service during the fourth quarter of 2018, the delivery of Greenside Apartments, portions of which were placed into service in the third and fourth quarters of 2018, as well as increased occupancy at Liberty Apartments and increased rates at Smith's Landing.

Rental revenues increased \$9.4 million during the year ended December 31, 2017 compared to the year ended December 31, 2016. The decrease in office rental revenues resulted primarily from the dispositions of Richmond Tower, Oyster Point, Commonwealth of Virginia-Chesapeake, and Commonwealth of Virginia-Virginia Beach properties, which we sold in 2016 and 2017. The increase in retail rental revenues resulted primarily from property acquisitions and new real estate placed into service. During the year ended December 31, 2016, we acquired the 11-property retail portfolio, Southgate Square, Southshore Shops, Columbus Village II, and Renaissance Square and placed into service Brooks Crossing and Lightfoot Marketplace. During the year ended December 31, 2017, we acquired the outparcel phase of Wendover Village. The increase in multifamily rental revenues resulted primarily from the delivery of Johns Hopkins Village in August 2016 as well as increased occupancy at Encore Apartments and Smith's Landing.

General Contracting and Real Estate Services Revenues. General contracting and real estate services revenues decreased \$117.7 million during the year ended December 31, 2018 compared to the year ended December 31, 2017. The decrease resulted from a lower level of new third-party contracts during 2018 until December 2018, when the Interlock Commercial and Solis Apartments at Interlock projects commenced.

General contracting and real estate services revenues increased \$35.0 million during the year ended December 31, 2017 compared to the year ended December 31, 2016 as a result of several new large projects started subsequent to the first quarter of 2016.

Rental Expenses. Rental expenses by segment for each of the three years ended December 31, 2018 were as follows:

	Years Ended December 31,			2018	2017
	2018	2017	2016	Change	Change
	(\$ in thousands)				
Office	\$ 5,858	\$ 5,483	\$ 5,560	\$ 375	\$ (77)
Retail	10,903	10,234	9,116	669	1,118
Multifamily	10,461	9,705	7,228	756	2,477
	<u>\$ 27,222</u>	<u>\$ 25,422</u>	<u>\$ 21,904</u>	<u>\$ 1,800</u>	<u>\$ 3,518</u>

Rental expenses increased \$1.8 million during the year ended December 31, 2018 compared to the year ended December 31, 2017. Office rental expenses increased primarily as a result of higher occupancy. Retail rental expenses increased as a result of property acquisitions and new real estate placed into service. Multifamily rental expenses increased as a result of new real estate placed into service and higher expenses for repairs and maintenance and utilities.

Rental expenses increased \$3.5 million during the year ended December 31, 2017 compared to the year ended December 31, 2016. Office rental expenses decreased primarily due to the disposition of four office properties in 2016 and 2017. Retail rental expenses increased because of property acquisitions and new real estate placed into service. Multifamily rental expenses increased because of the delivery of Johns Hopkins Village in August 2016 and higher expenses for repairs and maintenance, property taxes, administration, and utilities at the other multifamily properties.

Real Estate Taxes. Real estate taxes by segment for the years ended December 31, 2018, 2017, and 2016 were as follows:

	Years Ended December 31,			2018	2017
	2018	2017	2016	Change	Change
	(\$ in thousands)				
Office	2,034	1,859	2,000	\$ 175	\$ (141)
Retail	6,801	6,175	5,395	626	780
Multifamily	2,548	2,494	2,234	54	260
	\$ 11,383	\$ 10,528	\$ 9,629	\$ 855	\$ 899

Real estate taxes increased \$0.9 million during the year ended December 31, 2018 compared to the year ended December 31, 2017. Office real estate taxes increased primarily as a result of higher occupancy. Retail real estate taxes increased as a result of property acquisitions and new real estate placed into service. Multifamily real estate taxes increased primarily as a result of new real estate placed into service.

Real estate taxes increased \$0.9 million during the year ended December 31, 2017 compared to the year ended December 31, 2016. Office real estate taxes decreased primarily because of the disposition of four office properties in 2016 and 2017. Retail real estate taxes increased because of property acquisitions, new real estate placed into service, and reassessments, particularly at Wendover Village and North Hampton. Multifamily real estate taxes increased because of the reassessment of Encore Apartments and The Cosmopolitan and the delivery of the retail portion Johns Hopkins Village in August 2016.

General Contracting and Real Estate Services Expenses. General contracting and real estate services expenses for the year ended December 31, 2018 decreased \$113.0 million compared to the year ended December 31, 2017. The decrease resulted from a lower level of new third-party contracts during 2018 until December 2018, when the Interlock Commercial and Solis Apartments at Interlock projects commenced. General contracting and real estate services expense for the year ended December 31, 2017 increased \$33.2 million compared to the year ended December 31, 2016 as a result of several new large projects started subsequent to the first quarter of 2016.

Depreciation and Amortization. Depreciation and amortization for the year ended December 31, 2018 increased \$2.6 million compared to the year ended December 31, 2017. The increase was attributable to property acquisitions, new real estate placed into service, and accelerated depreciation relating to assets that were placed into redevelopment and was partially offset by dispositions in 2017 and certain assets that became fully depreciated. Depreciation and amortization for the year ended December 31, 2017 increased \$2.0 million compared to the year ended December 31, 2016. The increase was attributable to property acquisitions and new real estate placed into service and was partially offset by dispositions in 2016 and 2017.

General and Administrative Expenses. General and administrative expenses for the year ended December 31, 2018 increased \$1.0 million compared to the year ended December 31, 2017. The increase was primarily due to \$0.7 million of severance related costs. General and administrative expenses for the year ended December 31, 2017 increased \$0.9 million compared to the year ended December 31, 2016 because of higher regulatory and compliance costs, costs relating to information systems, as well as higher compensation expense and benefit costs from increased employee headcount.

Acquisition, Development and Other Pursuit Costs. During the year ended December 31, 2018, we recognized \$0.4 million of costs relating primarily to predevelopment costs for projects that are no longer being pursued. During the year ended December 31, 2017, we recognized \$0.6 million of costs relating primarily to abandoned acquisitions. During the year ended December 31, 2016, we recognized \$1.6 million of costs primarily attributable to our acquisition of an 11-property retail portfolio, Southgate Square, and Southshore Shops. We adopted new accounting guidance on October 1, 2016 which allowed us to capitalize \$0.7 million in costs related to the acquisitions of Renaissance Square and Columbus Village II.

Impairment Charges. Impairment charges during the years ended December 31, 2018 primarily relate to the impairment of Waynesboro Commons, which has been classified as held for sale. Impairment charges during the years ended December 31, 2017 and 2016 primarily relate to tenants that vacated prior to their lease expiration.

Interest Income. Interest income for the years ended December 31, 2018, 2017, and 2016 totaled \$10.7 million, \$7.1 million, and \$3.2 million respectively, and was attributable to our mezzanine loans. As of December 31, 2018, 2017, and 2016, our outstanding mezzanine loan balances were \$139.1 million, \$82.6 million, and \$59.5 million, respectively.

Interest Expense. Interest expense for the year ended December 31, 2018 increased \$1.6 million compared to the year ended December 31, 2017 primarily as a result of the increase in interest rates between periods and the increase in net indebtedness of \$177.0 million during 2018 through increased borrowings on the corporate credit facility, construction loans, and additional borrowings on the refinanced property loans. Interest expense for the year ended December 31, 2017 increased \$1.0 million compared to the year ended December 31, 2016 primarily because of rising interest rates, which was partially offset by lower average debt balances.

Loss on Extinguishment of Debt. During the year ended December 31, 2018, we did not recognize any significant losses on extinguishment of debt. During the year ended December 31, 2017, we recognized a \$0.1 million loss on extinguishment of debt as a result of the modification and extension of our credit facility which resulted in the departure of two syndicated lenders from the facility. During the year ended December 31, 2016, we recognized a \$0.1 million loss on extinguishment of debt representing the unamortized debt issuance costs associated with our refinancing of the mortgages secured by 249 Central Park Retail, South Retail, Fountain Plaza, 4525 Main Street, and Encore Apartments.

Gain on Real Estate Dispositions. During the year ended December 31, 2018, we recognized gains on real estate dispositions of \$4.3 million, which included a gain of \$3.4 million on our sale of the River City industrial facility and a gain of \$0.8 million on our sale of the Home Depot building at Broad Creek Shopping Center. During the year ended December 31, 2017, we recognized gains on real estate dispositions of \$8.1 million, which included a gain of \$3.4 million on our sale of the Greentree Wawa outparcel, a gain of \$4.2 million on our sale of the Commonwealth of Virginia-Chesapeake and Commonwealth of Virginia-Virginia Beach office buildings, and a gain of \$0.5 million on our sale of the land outparcel at Sandbridge Commons. During the year ended December 31, 2016, we recognized gains on real estate dispositions of \$30.5 million, which consisted of a \$26.2 million gain on the sale of Richmond Tower, a \$3.8 million gain on Oyster Point, and a \$0.4 million gain on the Newport News Economic Development Authority building.

Change in Fair Value of Interest Rate Derivatives. During the year ended December 31, 2018, we recognized losses on changes in fair value of interest rate derivatives of \$1.0 million due to decreases in forward interest rate curves for time periods beginning two years from now. During the year ended December 31, 2017, we recognized gains on changes in fair value of interest rate derivatives of \$1.1 million, due to increases in forward interest rate curves. During the year ended December 31, 2016, we recognized losses on changes in fair value of interest rate derivatives of \$0.9 million, which was primarily due to the dedesignation of our interest rate swaps during the three months ended March 31, 2016. In 2016, all activity for both interest rate caps and swaps were reclassified out of other income to this line item.

Other Income. Other income for the years ended December 31, 2018, 2017, and 2016 was relatively unchanged, with a small increase in 2018 due to miscellaneous non-tenant income.

Income Taxes. Our TRS, through which we conduct our development and construction business, is subject to federal, state, and local corporate income taxes. The income tax benefit (provision) recognized during the years ended December 31, 2018, 2017, and 2016 is attributable to the (losses) profits of our TRS. As a result of the Tax Reform Legislation in 2017, we remeasured deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 25%. The provisional amounts recorded related to the remeasurement of the deferred tax balance was approximately \$0.2 million of tax expense during the year ended December 31, 2017.

Liquidity and Capital Resources

Overview

We believe our primary short-term liquidity requirements consist of general contractor expenses, operating expenses, and other expenditures associated with our properties, including tenant improvements, leasing commissions and leasing incentives, dividend payments to our stockholders required to maintain our REIT qualification, debt service, capital expenditures, new real estate development projects, and strategic acquisitions. We expect to meet our short-term liquidity requirements through net cash provided by operations, reserves established from existing cash, borrowings under construction loans to fund new real estate development and construction, borrowings available under our credit facility, and net proceeds from the sale of common stock through our at-the-market continuous equity offering program (the "ATM Program"), which is discussed below.

Our long-term liquidity needs consist primarily of funds necessary for the repayment of debt at or prior to maturity, general contracting expenses, property development and acquisitions, tenant improvements, and capital improvements. We expect to meet our long-term liquidity requirements with net cash from operations, long-term secured and unsecured

indebtedness, and the issuance of equity and debt securities. We also may fund property development and acquisitions and capital improvements using our credit facility pending long-term financing.

As of December 31, 2018, we had unrestricted cash and cash equivalents of \$21.3 million available for both current liquidity needs as well as development activities. As of December 31, 2018, we also had restricted cash in escrow of \$2.8 million, some of which is available for capital expenditures at our operating properties. As of December 31, 2018, we had \$21.9 million available under our credit facility to meet our short-term liquidity requirements.

We paid off the North Point Center Note 1 loan on January 31, 2019. We have no other loans scheduled to mature during 2019.

ATM Program

On February 26, 2018, we commenced a new at-the-market continuous equity offering program (the "2018 ATM Program") through which we are able to, from time to time, issue and sell shares of common stock having an aggregate offering price of up to \$125.0 million. During the year ended December 31, 2018, we issued and sold 4,617,409 shares of common stock at a weighted average price of \$14.39 per share under the 2018 ATM Program, receiving net proceeds of \$65.2 million after offering costs and commissions; commissions paid to underwriters totaled \$1.0 million. During the three months ended December 31, 2018, we issued and sold 389,431 shares of common stock at a weighted average price of \$15.05 per share under the 2018 ATM Program, receiving net proceeds of \$5.7 million after offering costs and commissions; commissions paid to underwriters totaled \$0.1 million.

As of December 31, 2018, we had \$58.5 million in availability under the 2018 ATM Program.

Credit Facility

On October 26, 2017, we entered into an amended and restated credit agreement (the "credit agreement"), which provides for a \$300.0 million credit facility comprised of a \$150.0 million senior unsecured revolving credit facility (the "revolving credit facility") and a \$150.0 million senior unsecured term loan facility (the "term loan facility" and, together with the revolving credit facility, the "credit facility"), with a syndicate of banks. The credit facility replaced our prior \$150.0 million revolving credit facility, which was scheduled to mature on February 20, 2019, and our prior \$125.0 million term loan facility, which was scheduled to mature on February 20, 2021. We intend to use future borrowings under the credit facility for general corporate purposes, including funding acquisitions, mezzanine lending, and development and redevelopment of properties in our portfolio and for working capital.

The credit facility includes an accordion feature that allows the total commitments to be increased to as much as \$450.0 million, subject to certain conditions, including obtaining commitments from any one or more lenders. On March 28, 2018, we increased the maximum commitments of the credit facility to \$330.0 million using the accordion feature, with an increase of the term loan facility to \$180.0 million. The revolving credit facility has a scheduled maturity date of October 26, 2021, with two six-month extension options, subject to certain conditions, including payment of a 0.075% extension fee at each extension. The term loan facility has a scheduled maturity date of October 26, 2022.

The revolving credit facility bears interest at LIBOR plus a margin ranging from 1.40% to 2.00% and the term loan facility bears interest at LIBOR plus a margin ranging from 1.35% to 1.95%, in each case depending on our total leverage. We are also obligated to pay an unused commitment fee of 15 or 25 basis points on the unused portions of the commitments under the revolving credit facility, depending on the amount of borrowings under the credit facility. If we attain investment grade credit ratings from S&P and Moody's, we may elect to have borrowings become subject to interest rates based on our credit ratings.

The Operating Partnership is the borrower under the credit facility, and its obligations under the credit facility are guaranteed by us and certain of its subsidiaries that are not otherwise prohibited from providing such guaranty.

The credit agreement contains customary representations and warranties and financial and other affirmative and negative covenants. Our ability to borrow under the credit facility is subject to our ongoing compliance with a number of financial covenants, affirmative covenants and other restrictions, including the following:

- Total leverage ratio of not more than 60% (or 65% for the two consecutive quarters following any acquisition that is equal to or greater than 10% of our total asset value (as defined in the credit agreement), but only up to two times during the term of the credit facility);

- Ratio of adjusted EBITDA (as defined in the credit agreement) to fixed charges of not less than 1.50 to 1.0;
- Tangible net worth of not less than the sum of 75% of tangible net worth (as defined in the credit agreement) as of September 30, 2017 and 75% of the net equity proceeds received after June 30, 2017;
- Ratio of secured indebtedness to total asset value of not more than 40%;
- Ratio of secured recourse debt to total asset value of not more than 20%;
- Total unsecured leverage ratio of not more than 60% (or 65% for the two consecutive quarters following any acquisition that is equal to or greater than 10% of our total asset value, but only up to two times during the term of the credit facility);
- Unencumbered interest coverage ratio (as defined in the credit agreement) of not less than 1.75 to 1.0;
- Ratio of unencumbered NOI (as defined in the credit agreement) to all unsecured debt of not less than 12%;
- Maintenance of a minimum of at least 15 unencumbered properties (as defined in the credit agreement) with an unencumbered asset value (as defined in the credit agreement) of not less than \$300.0 million at any time; and
- Minimum occupancy rate (as defined in the credit agreement) for all unencumbered properties of not less than 80% at any time.

The credit facility limits our ability to pay cash dividends. However, so long as no default or event of default exists, the credit agreement allows us to pay cash dividends with respect to any 12-month period in an amount not to exceed the greater of: (i) 95% of adjusted funds from operations (as defined in the credit agreement) or (ii) the amount required for us (a) to maintain our status as a REIT and (b) to avoid income or excise tax under the Code. If certain defaults or events of default exist, we may pay cash dividends with respect to any 12-month period to the extent necessary to maintain our status as a REIT. The credit facility also restricts the amount of capital that we can invest in specific categories of assets, such as unimproved land holdings, development properties, notes receivable, mortgages, mezzanine loans, and unconsolidated affiliates, and restricts the amount of stock and OP units that we may repurchase during the term of the credit facility.

We may, at any time, voluntarily prepay any loan under the credit facility in whole or in part without premium or penalty.

The credit agreement includes customary events of default, in certain cases subject to customary periods to cure. The occurrence of an event of default, following the applicable cure period, would permit the lenders to, among other things, declare the unpaid principal, accrued and unpaid interest, and all other amounts payable under the credit facility to be immediately due and payable.

We are currently in compliance with all covenants under the credit agreement.

On January 31, 2019, we increased the maximum commitments under the credit facility to \$355.0 million using the accordion feature, with an increase of the term loan facility to \$205.0 million.

Consolidated Indebtedness

The following table sets forth our consolidated indebtedness as of December 31, 2018 (\$ in thousands):

Secured Debt	Amount Outstanding	Interest Rate(a)	Effective Rate for		Balance at Maturity
			Variable-Rate Debt	Maturity Date	
North Point Center Note 1 (b)	\$ 9,352	6.45%		February 5, 2019	\$ 9,333
Greenside (Harding Place)	25,902	LIBOR + 2.95%	5.45%	February 24, 2020	25,902
Premier (Town Center Phase VI)	19,214	LIBOR + 3.50%	6.00%	June 29, 2020	19,214
Hoffler Place (King Street)	11,445	LIBOR + 3.24%	5.74%	January 1, 2021	11,445
Summit Place (Meeting Street)	11,057	LIBOR + 3.24%	5.74%	January 1, 2021	11,057
Southgate Square	21,442	LIBOR + 1.60%	4.10%	April 29, 2021	19,462
4525 Main Street (c)	32,034	3.25%		September 10, 2021	30,774
Encore Apartments (c)	24,966	3.25%		September 10, 2021	24,006
Hanbury Village	19,019	3.78%		August 15, 2022	17,109
Socastee Commons	4,671	4.57%		January 6, 2023	4,223
Sandbridge Commons	8,258	LIBOR + 1.75%	4.25%	January 17, 2023	7,248
249 Central Park Retail (d)	17,045	LIBOR + 1.60%	4.10%	August 10, 2023	15,935
South Retail (d)	7,483	LIBOR + 1.60%	4.10%	August 10, 2023	6,992
Fountain Plaza Retail (d)	10,257	LIBOR + 1.60%	4.10%	August 10, 2023	9,594
Lightfoot Marketplace	10,500	LIBOR + 1.75%	4.77% (e)	October 12, 2023	10,500
Brooks Crossing Office	6,910	LIBOR + 1.60%	4.10%	July 1, 2025	6,910
Market at Mill Creek	7,283	LIBOR + 1.55%	4.05%	July 12, 2025	7,283
Johns Hopkins Village	52,708	LIBOR + 1.25%	4.19% (e)	August 7, 2025	45,967
North Point Center Note 2	2,346	7.25%		September 15, 2025	1,344
Lexington Square	14,940	4.50%		September 1, 2028	12,090
Smith's Landing	18,985	4.05%		June 1, 2035	—
Liberty Apartments	14,437	5.66%		November 1, 2043	—
The Cosmopolitan	44,468	3.35%		July 1, 2051	—
Total secured debt	\$ 394,722				\$ 296,388
Unsecured Debt					
Senior unsecured revolving credit facility	126,000	LIBOR+1.40%-2.00%	4.05%	October 26, 2021	126,000
Senior unsecured term loan	80,000	LIBOR+1.35%-1.95%	4.00%	October 26, 2022	80,000
Senior unsecured term loan	50,000	LIBOR+1.35%-1.95%	3.50% (e)	October 26, 2022	50,000
Senior unsecured term loan	50,000	LIBOR+1.35%-1.95%	4.28% (e)	October 26, 2022	50,000
Total unsecured debt	\$ 306,000				\$ 306,000
Total principal balances	700,722				602,388
Unamortized GAAP adjustments	(6,483)				—
Indebtedness, net	\$ 694,239				\$ 602,388

(a) LIBOR is determined by individual lenders.

(b) On January 31, 2019, North Point Center Note 1 was paid off.

(c) Cross collateralized.

(d) Cross collateralized.

(e) Subject to an interest rate swap agreement.

We currently are in compliance with all covenants on our outstanding indebtedness.

As of December 31, 2018, our outstanding indebtedness matures during the following years (\$ in thousands):

Year	Amount Due⁽¹⁾	Percentage of Total
2019	\$ 14,926 ⁽²⁾	2 %
2020	51,742	7 %
2021	228,565	33 %
2022	201,912	29 %
2023	58,508	8 %
Thereafter	145,069	21 %
	\$ 700,722	100%

(1) Includes scheduled principal amortization payments.

(2) North Point Note 1, which had an outstanding principal balance of \$9,333, was paid off on January 31, 2019.

Interest Rate Derivatives

On February 20, 2015, we entered into a \$50.0 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$50.0 million interest rate swap has a fixed rate of 2.00%, an effective date of March 1, 2016, and a maturity date of February 20, 2020. We entered into this interest rate swap agreement in connection with the senior unsecured term loan facility with an original balance of \$50.0 million that bears interest at LIBOR plus 1.35% to 1.95%, depending on our total leverage.

On April 23, 2018, we entered into a floating-to-fixed interest rate swap attributable to one-month LIBOR-indexed interest payments with a notional amount of \$50.0 million. The interest rate swap has a fixed rate of 2.783%, an effective date of May 1, 2018, and a maturity date of May 1, 2023.

On July 27, 2018, we entered into a LIBOR interest rate swap agreement that effectively fixes the interest rate of the new Johns Hopkins Village note payable at 4.19% per annum with a maturity date of August 7, 2025. We designated the interest rate swap as a cash flow hedge for accounting purposes.

On October 12, 2018, we entered into a LIBOR interest rate swap agreement that effectively fixes the interest rate of the initial \$10.5 million tranche of the new Lightfoot Marketplace note payable at 4.77% per annum until stabilization and 4.62% per annum thereafter. The swap matures on October 12, 2023. We designated the interest rate swap as a cash flow hedge for accounting purposes.

As of December 31, 2018, we were party to the following LIBOR interest rate cap agreements (\$ in thousands):

Effective Date	Maturity Date	Strike Rate	Notional Amount
February 7, 2017	March 1, 2019	1.50%	\$ 50,000
June 23, 2017	July 1, 2019	1.50%	50,000
September 18, 2017	October 1, 2019	1.50%	50,000
November 28, 2017	December 1, 2019	1.50%	50,000
March 7, 2018	April 1, 2020	2.25%	50,000
July 16, 2018	August 1, 2020	2.50%	50,000
December 11, 2018	January 1, 2021	2.75%	50,000
Total			\$ 350,000

Contractual Obligations

The following table summarizes the future payments for known contractual obligations as of December 31, 2018 (in thousands):

Contractual Obligations	Total	Payments due by period			
		Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Principal payments of long-term indebtedness ⁽¹⁾	\$ 700,722	\$ 14,926	\$ 280,307	\$ 260,420	\$ 145,069
Ground and other operating leases	117,514	2,127	4,659	4,767	105,961
Long-term debt—fixed interest	95,050	13,408	25,613	15,954	40,075
Long-term debt—variable interest ⁽²⁾⁽³⁾	46,976	15,621	24,011	6,415	929
Tenant-related and other commitments	25,772	17,085	8,572	—	115
Total ⁽⁴⁾	\$ 986,034	\$ 63,167	\$ 343,162	\$ 287,556	\$ 292,149

- (1) Does not reflect \$12,000 in additional borrowings on the revolving line of credit in January 2019 and a \$15,000 paydown on the revolving line of credit in February 2019. North Point Note 1, which had an outstanding principal balance of \$9,333, was paid off on January 31, 2019.
- (2) For long-term debt that bears interest at variable rates, we estimated future interest payments using the indexed rates as of December 31, 2018. LIBOR as of December 31, 2018 was 250 basis points.
- (3) Assumes the balance outstanding of \$126.0 million and the weighted average interest rate of 4.05% in effect at December 31, 2018 remain in effect until maturity of our secured revolving credit facility. Amounts also include unused credit facility fees assuming the balance outstanding at December 31, 2018 remains outstanding through maturity of our secured revolving credit facility.
- (4) Contractual obligations above do not include funding obligations to non-wholly owned development projects as well as unfunded mezzanine loan commitments due to the uncertainty of the timing and amounts of certain of these obligations. Refer to "Item 1. Business" for information about our development projects and mezzanine loans.

Off-Balance Sheet Arrangements

In connection with our mezzanine lending activities, we have made guarantees to pay portions of certain senior loans of third parties associated with the development projects. The following table summarizes the guarantees made by us as of December 31, 2018 (in thousands):

Development project	Payment guarantee amount
1405 Point	\$ 25,000
The Residences at Annapolis Junction	8,300
Delray Plaza	4,750 (a)
Nexton Square	— (b)
Interlock Commercial	— (c)
Solis Apartments at Interlock	— (d)
City Center	18,457 (e)
Total	\$ 56,507

(a) On January 8, 2019, the mezzanine loan and senior construction loan were modified, and the payment guarantee amount increased to \$5.2 million.

(b) As of December 31, 2018, this payment guarantee was not yet effective because the senior construction loan had not yet been executed. On February 8, 2019, the senior construction loan was executed and the \$12.6 million payment guarantee became effective. We have also guaranteed completion of the development project to the senior construction lender.

(c) As of December 31, 2018, this \$30.7 million payment guarantee was not yet effective because the senior construction loan had not yet been executed. Once the senior construction loan is executed, we will also guarantee completion of the development project to the senior lender. We have also guaranteed completion of the development project to Georgia Tech, the ground lessor.

(d) There is no payment guarantee for the senior construction loan on this project. We have guaranteed completion of the development project to the senior lender.

(e) Durham City Center is accounted for as an equity method investment.

We have entered into a standby letter of credit for \$2.1 million as a guarantee of the senior construction loan on the Point Street Apartments construction project and a standby letter of credit for \$0.3 million as a guarantee of the tenant buildout for a tenant at Columbus Village. Letters of credit generally are available for draw down in the event we do not perform.

Cash Flows

	Years Ended		
	December 31,		
	2018	2017	Change
	(\$ in thousands)		
Operating Activities	\$ 56,087	\$ 51,236	\$ 4,851
Investing Activities	(240,563)	(95,355)	(145,208)
Financing Activities	185,611	41,842	143,769
Net Increase (Decrease)	\$ 1,135	\$ (2,277)	\$ 3,412
Cash, Cash Equivalents, and Restricted Cash, Beginning of Period	\$ 22,916	\$ 25,193	
Cash, Cash Equivalents, and Restricted Cash, End of Period	\$ 24,051	\$ 22,916	

Net cash provided by operating activities for the year ended December 31, 2018 increased \$4.9 million compared to the year ended December 31, 2017 primarily as a result of increased cash provided by property operations, proceeds received from the sale of the Annapolis Junction purchase option, and interest payments received for the Annapolis Junction mezzanine loan. These increases were partially offset by timing differences in construction assets and liabilities.

Net cash used for investing activities for the year ended December 31, 2018 increased \$145.2 million compared to the year ended December 31, 2017 primarily due to increased development activity, acquisition activity, and issuances of mezzanine loans.

Net cash provided by financing activities for the year ended December 31, 2018 increased \$143.8 million compared to the year ended December 31, 2017 primarily due to increased borrowing activity on our unsecured credit facility and construction loans.

	Years Ended		
	December 31,		
	2017	2016	Change
	(\$ in thousands)		
Operating Activities	\$ 51,236	\$ 56,985	\$ (5,749)
Investing Activities	(95,355)	(223,031)	127,676
Financing Activities	41,842	161,426	(119,584)
Net Increase (Decrease)	\$ (2,277)	\$ (4,620)	\$ 2,343
Cash, Cash Equivalents, and Restricted Cash, Beginning of Period	\$ 25,193	\$ 29,813	
Cash, Cash Equivalents, and Restricted Cash, End of Period	\$ 22,916	\$ 25,193	

Net cash provided by operating activities for the year ended December 31, 2017 decreased \$5.7 million compared to the year ended December 31, 2016 primarily as a result of the timing of construction payables and receivables. This was partially offset by increased cash generated by property operations.

Net cash used for investing activities for the year ended December 31, 2017 decreased \$127.7 million compared to the year ended December 31, 2016 primarily due to decreased acquisition and development activity. Cash outflows for acquisitions totaled \$30.0 million for the year ended December 31, 2017 compared to \$195.6 million for the year ended December 31, 2016. Additionally, cash used for development activities and issuances of notes receivable was lower for the year ended December 31, 2017 compared to the year ended December 31, 2016.

Net cash provided by financing activities for the year ended December 31, 2017 decreased \$119.6 million compared to the year ended December 31, 2016 primarily as a result of decreased net debt issuances and borrowings, which was partially offset by increased common stock issuances.

Non-GAAP Financial Measures

FFO and Normalized FFO

We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("Nareit"). Nareit defines FFO as net income (loss) (calculated in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, real estate related depreciation and amortization (excluding amortization of deferred financing costs), impairment of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures.

FFO is a supplemental non-GAAP financial measure. Management uses FFO as a supplemental performance measure because we believe that FFO is beneficial to investors as a starting point in measuring our operational performance. Specifically, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, which do not relate to or are not indicative of operating performance, FFO provides a performance measure that, when compared year-over-year, captures trends in occupancy rates, rental rates, and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs.

However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effects and could materially impact our results from operations, the utility of FFO as a measure of our performance is limited. In addition, other equity REITs may not calculate FFO in accordance with the Nareit definition as we do, and, accordingly, our calculation of FFO may not be comparable to such other REITs' calculation of FFO. Accordingly, FFO should be considered only as a supplement to net income as a measure of our performance. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or service indebtedness. FFO also should not be used as a supplement to or substitute for cash flow from operating activities computed in accordance with GAAP.

We also believe that the computation of FFO in accordance with Nareit's definition includes certain items that are not indicative of the results provided by our operating property portfolio and affect the comparability of our year-over-year performance. Accordingly, management believes that Normalized FFO is a more useful performance measure that excludes certain items, including but not limited to, debt extinguishment losses and prepayment penalties, impairment of intangible assets and liabilities, property acquisition, development, and other pursuit costs, mark-to-market adjustments for interest rate derivatives, severance related costs, and other non-comparable items.

The following table sets forth a reconciliation of FFO and Normalized FFO for each of the three years ended December 31, 2018 to net income, the most directly comparable GAAP measure:

	Years Ended December 31,		
	2018	2017	2016
	(\$ in thousands)		
Net income	\$ 23,492	\$ 29,925	\$ 42,755
Depreciation and amortization	40,178	37,321	35,328
Gain on operating real estate dispositions	(833)	(7,595)	(30,103)
Impairment of real estate assets	1,502	—	—
Funds from operations	\$ 64,339	\$ 59,651	\$ 47,980
Acquisition, development and other pursuit costs	352	648	1,563
Impairment of intangible assets and liabilities	117	110	355
Loss on extinguishment of debt	11	50	82
Change in fair value of interest rate derivatives	951	(1,127)	941
Severance related costs	688	—	—
Normalized funds from operations	\$ 66,458	\$ 59,332	\$ 50,921

The adjustment for depreciation and amortization for the year ended December 31, 2018 includes depreciation and amortization attributable to our investment in One City Center, which is an unconsolidated real estate investment.

The adjustment for gain on operating real estate dispositions for the year ended December 31, 2018 excludes the gain on the River City industrial facility because this property was sold before being placed into service. The adjustment for gain on operating real estate dispositions for the year ended December 31, 2017 excludes the gain on the land outparcel at Sandbridge Commons because this was a non-operating parcel. Additionally, the adjustment for gain on real estate dispositions for the year ended December 31, 2016 excludes the gain on the Newport News Economic Authority building because this property was sold before being placed in service.

Inflation

Substantially all of our office and retail leases provide for the recovery of increases in real estate taxes and operating expenses. In addition, substantially all of the leases provide for annual rent increases. We believe that inflationary increases may be offset in part by the contractual rent increases and expense escalations previously described. In addition, our multifamily leases generally have lease terms ranging from 7 to 15 months with a majority having 12-month lease terms allowing negotiation of rental rates at term end, which we believe reduces our exposure to the effects of inflation.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The primary market risk to which we are exposed is interest rate risk. Our primary interest rate exposure is LIBOR. We primarily use fixed interest rate financing to manage our exposure to fluctuations in interest rates. On a limited basis, we also use derivative financial instruments to manage interest rate risk. We do not use these derivatives for trading or other speculative purposes.

As of December 31, 2018 and excluding unamortized GAAP adjustments, approximately \$348.4 million, or 49.7%, of our debt had fixed interest rates and approximately \$352.3 million, or 50.3%, had variable interest rates. Considering interest rate swaps and caps, 99.7% of our debt is either fixed-rate or economically hedged. As of December 31, 2018, LIBOR was approximately 250 basis points. Assuming no change in the level of our variable-rate debt or derivative instruments, if interest rates were to increase by 100 basis points, our cash flow would decrease by approximately \$0.5 million per year due to our interest rate derivatives. Assuming no change in the level of our variable-rate debt or derivative instruments, if LIBOR were reduced by 100 basis points, our cash flow would increase by approximately \$1.4 million per year.

Item 8. Financial Statements and Supplementary Data.

Our consolidated financial statements and supplementary data are included as a separate section of this Annual Report on Form 10-K commencing on page F-1 and are incorporated herein by reference.

Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the rules and regulations of the SEC and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We have carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, regarding the effectiveness of our disclosure controls and procedures as of December 31, 2018, the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer have concluded, as of December 31, 2018, that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in reports filed or submitted under the Exchange Act (i) is processed, recorded, summarized, and reported within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2018 based on the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on that evaluation, the Company's management concluded that our internal control over financial reporting was effective as of December 31, 2018.

Our internal control over financial reporting as of December 31, 2018 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included elsewhere herein.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2019 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2019.

Item 11. Executive Compensation.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2019 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2019.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2019 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2019.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2019 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2019.

Item 14. Principal Accountant Fees and Services.

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2019 Annual Meeting of Stockholders to be filed with the SEC no later than April 30, 2019.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

The following is a list of documents filed as a part of this report:

- (1) Financial Statements

Included herein at pages F-1 through F-46.

- (2) Financial Statement Schedules

The following financial statement schedule is included herein at pages F-47 through F-49:

Schedule III—Consolidated Real Estate Investments and Accumulated Depreciation

All other schedules for which provision is made in Regulation S-X are either not required to be included herein under the related instructions, are inapplicable, or the related information is included in the footnotes to the applicable financial statements and, therefore, have been omitted.

- (3) Exhibits

The exhibits required to be filed by Item 601 of Regulation S-K are listed in the Index to Exhibits of this report and incorporated by reference herein.

Item 16. Form 10-K Summary.

None.

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Armada Hoffler Properties, Inc. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3, filed on June 2, 2014)
3.2	Amended and Restated Bylaws of Armada Hoffler Properties, Inc. (Incorporated by Reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed on February 23, 2018)
4.1	Form of Certificate of Common Stock of Armada Hoffler Properties, Inc. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.1	Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P. (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2013)
10.2†	Armada Hoffler Properties, Inc. Amended and Restated 2013 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8, filed on June 15, 2017)
10.3†	Form of Restricted Stock Award Agreement (Time Vesting) (Incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.4†	Indemnification Agreement between Armada Hoffler Properties, Inc. and each of the Directors and Officers listed on Schedule A thereto (Incorporated by Reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed on March 2, 2016)
10.5†*	Armada Hoffler, L.P. Amended and Restated Executive Severance Benefit Plan with the participants listed on Schedule A thereto.
10.6	Form of Restricted Stock Award Agreement for Directors (Incorporated by reference to Exhibit 10.44 to the Company's Registration Statement on Form S-11/A, filed on May 2, 2013)
10.7	Amendment No. 1, dated as of March 19, 2014, to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on May 15, 2014)
10.8	Amendment No. 2, dated as of July 10, 2015, to the First Amended and Restated Agreement of Limited Partnership of Armada Hoffler, L.P., dated as of May 13, 2013 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 16, 2015)
10.9†*	Armada Hoffler Properties, Inc. Amended and Restated Short-Term Incentive Program.
10.10	Purchase and Sale Agreement, dated as of December 3, 2015, by and between DDR-SAU South Square, L.L.C., DDR-SAU Durham Patterson, L.L.C., DDR-SAU Wendover Phase II, L.L.C., DDR-SAU Salisbury Alexander, L.L.C., DDR-SAU Winston-Salem Harper Hill, L.L.C., DDR-SAU Greer North Hampton Market, L.L.C., DDR-SAU Nashville Willowbrook, L.L.C., DDR-SAU South Bend Broadmoor, L.L.C., DDR-SAU Oakland, L.L.C., DDR-SAU Waynesboro, L.L.C., DDR-SAU Pasadena Red Bluff Limited Partnership and AHP Acquisitions, LLC (Incorporated by reference to Exhibit 10.55 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed on March 2, 2016)
10.11	First Amendment to Purchase and Sale Agreement, dated as of December 14, 2015, by and between DDR-SAU South Square, L.L.C., DDR-SAU Durham Patterson, L.L.C., DDR-SAU Wendover Phase II, L.L.C., DDR-SAU Salisbury Alexander, L.L.C., DDR-SAU Winston-Salem Harper Hill, L.L.C., DDR-SAU Greer North Hampton Market, L.L.C., DDR-SAU Nashville Willowbrook, L.L.C., DDR-SAU South Bend Broadmoor, L.L.C., DDR-SAU Oakland, L.L.C., DDR-SAU Waynesboro, L.L.C., DDR-SAU Pasadena Red Bluff Limited Partnership and AHP Acquisitions, LLC (Incorporated by reference to Exhibit 10.56 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed on March 2, 2016)
10.12	Form of Performance Unit Award Agreement (Incorporated by reference to Exhibit 10.57 to the Company's Annual Report on Form 10-K, filed March 1, 2017)
10.13	Amended and Restated Credit Agreement, dated as of October 26, 2017, among Armada Hoffler, L.P. as Borrower, Armada Hoffler Properties, Inc., as Parent, Bank of America, N.A., as Administrative Agent, and the other agents and Lenders party thereto (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed November 1, 2017)

Exhibit Number	Description
10.14	Amended and Restated Guaranty Agreement, dated as of October 26, 2017, among certain subsidiaries of Armada Hoffer, L.P. named therein for the benefit of the Administrative Agent and the Lenders named in the Amended and Restated Credit Agreement (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed November 1, 2017)
10.15†*	Separation Agreement by and among Armada Hoffer Properties, Inc. and Eric Smith, dated as of November 9, 2018.
21.1*	List of Subsidiaries of Armada Hoffer Properties, Inc.
23.1*	Consent of Ernst & Young LLP, Independent Public Accounting Firm
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Presentation Linkbase Document
*	Filed herewith
**	Furnished herewith
†	Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 28, 2019

ARMADA HOFFLER PROPERTIES, INC.

By: /s/ Louis S. Haddad

Louis S. Haddad

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Daniel A. Hoffler</u> Daniel A. Hoffler	Executive Chairman and Director	February 28, 2019
<u>/s/ A. Russell Kirk</u> A. Russell Kirk	Vice Chairman and Director	February 28, 2019
<u>/s/ Louis S. Haddad</u> Louis S. Haddad	President, Chief Executive Officer and Director (principal executive officer)	February 28, 2019
<u>/s/ Michael P. O'Hara</u> Michael P. O'Hara	Chief Financial Officer, Treasurer, and Secretary (principal financial officer and principal accounting officer)	February 28, 2019
<u>/s/ George F. Allen</u> George F. Allen	Director	February 28, 2019
<u>/s/ James A. Carroll</u> James A. Carroll	Director	February 28, 2019
<u>/s/ James C. Cherry</u> James C. Cherry	Director	February 28, 2019
<u>/s/ Eva S. Hardy</u> Eva S. Hardy	Director	February 28, 2019
<u>/s/ John W. Snow</u> John W. Snow	Director	February 28, 2019

Armada Hoffler Properties, Inc.
Form 10-K
For the Fiscal Year Ended December 31, 2018

Item 8, Item 15(a)(1) and (2)

Index to Financial Statements and Schedule

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Armada Hoffler Properties, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Armada Hoffler Properties, Inc.'s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Armada Hoffler Properties, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2018 consolidated financial statements of the Company and our report dated February 28, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tysons, Virginia

February 28, 2019

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Armada Hoffler Properties, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Armada Hoffler Properties, Inc. (the Company) as of December 31, 2018 and 2017, the related consolidated statements of comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and Financial Statement Schedule listed in the Index at Item 15(2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 28, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2012.

Tysons, Virginia
February 28, 2019

ARMADA HOFFLER PROPERTIES, INC.
Consolidated Balance Sheets

(In thousands, except par value and share data)

	DECEMBER 31,	
	2018	2017
<u>ASSETS</u>		
Real estate investments:		
Income producing property	\$ 1,037,917	\$ 910,686
Held for development	2,994	680
Construction in progress	135,675	83,071
	1,176,586	994,437
Accumulated depreciation	(188,775)	(164,521)
Net real estate investments	987,811	829,916
Real estate held for sale	929	—
Cash and cash equivalents	21,254	19,959
Restricted cash	2,797	2,957
Accounts receivable, net	19,016	15,691
Notes receivable	138,683	83,058
Construction receivables, including retentions	16,154	23,933
Construction contract costs and estimated earnings in excess of billings	1,358	245
Equity method investments	22,203	11,411
Other assets	55,177	55,953
Total Assets	\$ 1,265,382	\$ 1,043,123
<u>LIABILITIES AND EQUITY</u>		
Indebtedness, net	\$ 694,239	\$ 517,272
Accounts payable and accrued liabilities	15,217	15,180
Construction payables, including retentions	50,796	47,445
Billings in excess of construction contract costs and estimated earnings	3,037	3,591
Other liabilities	46,203	39,352
Total Liabilities	809,492	622,840
Stockholders' equity:		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, none issued and outstanding as of December 31, 2018 and 2017, respectively	—	—
Common stock, \$0.01 par value, 500,000,000 shares authorized, 50,013,731 and 44,937,763 shares issued and outstanding as of December 31, 2018 and 2017, respectively	500	449
Additional paid-in capital	357,353	287,407
Distributions in excess of earnings	(82,699)	(61,166)
Accumulated other comprehensive loss	(1,283)	—
Total stockholders' equity	273,871	226,690
Noncontrolling interests	182,019	193,593
Total Equity	455,890	420,283
Total Liabilities and Equity	\$ 1,265,382	\$ 1,043,123

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Consolidated Statements of Comprehensive Income

(In thousands, except per share and unit data)

	YEARS ENDED DECEMBER 31,		
	2018	2017	2016
Revenues			
Rental revenues	\$ 116,958	\$ 108,737	\$ 99,355
General contracting and real estate services revenues	76,359	194,034	159,030
Total revenues	<u>193,317</u>	<u>302,771</u>	<u>258,385</u>
Expenses			
Rental expenses	27,222	25,422	21,904
Real estate taxes	11,383	10,528	9,629
General contracting and real estate services expenses	73,628	186,590	153,375
Depreciation and amortization	39,913	37,321	35,328
General and administrative expenses	11,431	10,435	9,552
Acquisition, development and other pursuit costs	352	648	1,563
Impairment charges	1,619	110	355
Total expenses	<u>165,548</u>	<u>271,054</u>	<u>231,706</u>
Gain on real estate dispositions	4,254	8,087	30,533
Operating income	<u>32,023</u>	<u>39,804</u>	<u>57,212</u>
Interest income	10,729	7,077	3,228
Interest expense	(19,087)	(17,439)	(16,466)
Equity in income of unconsolidated real estate entities	372	—	—
Loss on extinguishment of debt	(11)	(50)	(82)
Change in fair value of interest rate derivatives	(951)	1,127	(941)
Other income	388	131	147
Income before taxes	<u>23,463</u>	<u>30,650</u>	<u>43,098</u>
Income tax benefit (provision)	29	(725)	(343)
Net income	<u>23,492</u>	<u>29,925</u>	<u>42,755</u>
Net income attributable to noncontrolling interests	(6,289)	(8,878)	(14,681)
Net income attributable to stockholders	<u>\$ 17,203</u>	<u>\$ 21,047</u>	<u>\$ 28,074</u>
Net income per share and unit:			
Basic and diluted	<u>\$ 0.36</u>	<u>\$ 0.50</u>	<u>\$ 0.85</u>
Weighted-average outstanding:			
Common shares	47,512	42,423	33,057
Common units	17,242	17,758	17,167
Basic and diluted	<u>64,754</u>	<u>60,181</u>	<u>50,224</u>
Comprehensive income:			
Net income	\$ 23,492	\$ 29,925	\$ 42,755
Unrealized cash flow hedge losses	(1,894)	—	—
Realized cash flow hedge losses reclassified to net income	169	—	—
Comprehensive income	<u>21,767</u>	<u>29,925</u>	<u>42,755</u>
Comprehensive income attributable to noncontrolling interests	(5,847)	(8,878)	(14,681)
Comprehensive income attributable to stockholders	<u>\$ 15,920</u>	<u>\$ 21,047</u>	<u>\$ 28,074</u>

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Consolidated Statements of Equity

(In thousands, except share data)

	Shares of common stock	Common stock	Additional paid- in capital	Distributions in excess of earnings	Accumulated other comprehensive loss	Total stockholders' equity	Noncontrolling interests	Total Equity
Balance, January 1, 2016	30,076,359	\$ 300	\$ 102,906	\$ (53,010)	\$ (648)	\$ 49,548	\$ 176,172	\$ 225,720
Net income	—	—	—	28,074	—	28,074	14,681	42,755
Dedesignation of cash flow hedge	—	—	—	—	648	648	400	1,048
Net proceeds from sales of common stock	5,312,855	53	66,969	—	—	67,022	—	67,022
Restricted stock awards, net of tax withholding	101,147	1	1,161	—	—	1,162	—	1,162
Acquisitions of real estate investments	2,000,000	20	26,080	—	—	26,100	21,178	47,278
Redemption of operating partnership units	—	—	(2)	—	—	(2)	(56)	(58)
Dividends and distributions declared	—	—	—	(24,409)	—	(24,409)	(11,540)	(35,949)
Balance, December 31, 2016	37,490,361	374	197,114	(49,345)	—	148,143	200,835	348,978
Net income	—	—	—	21,047	—	21,047	8,878	29,925
Net proceeds from sales of common stock	7,350,690	74	91,307	—	—	91,381	—	91,381
Restricted stock awards, net of tax withholding	97,173	1	1,442	—	—	1,443	—	1,443
Restricted stock award forfeitures	(461)	—	(2)	—	—	(2)	—	(2)
Acquisitions of noncontrolling interests in real estate investments	—	—	(1,493)	—	—	(1,493)	982	(511)
Redemption of operating partnership units	—	—	(961)	—	—	(961)	(4,194)	(5,155)
Dividends and distributions declared	—	—	—	(32,868)	—	(32,868)	(12,908)	(45,776)
Balance, December 31, 2017	44,937,763	449	287,407	(61,166)	—	226,690	193,593	420,283
Net income	—	—	—	17,203	—	17,203	6,289	23,492
Unrealized cash flow hedge losses	—	—	—	—	(1,410)	(1,410)	(484)	(1,894)
Realized cash flow hedge losses reclassified to net income	—	—	—	—	127	127	42	169
Net proceeds from sales of common stock	4,617,409	46	65,198	—	—	65,244	—	65,244
Restricted stock awards, net of tax withholding	124,258	2	1,562	—	—	1,564	—	1,564
Restricted stock award forfeitures	(4,403)	—	(32)	—	—	(32)	—	(32)
Issuance of operating partnership units for acquisitions	—	—	(5)	—	—	(5)	2,201	2,196
Redemption of operating partnership units	338,704	3	3,223	—	—	3,226	(5,821)	(2,595)
Dividends and distributions declared	—	—	—	(38,736)	—	(38,736)	(13,801)	(52,537)
Balance, December 31, 2018	50,013,731	500	\$ 357,353	\$ (82,699)	\$ (1,283)	\$ 273,871	\$ 182,019	\$ 455,890

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Consolidated Statements of Cash Flows

(In thousands)

	YEARS ENDED DECEMBER 31,		
	2018	2017	2016
OPERATING ACTIVITIES			
Net income	\$ 23,492	\$ 29,925	\$ 42,755
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of buildings and tenant improvements	30,395	25,974	23,453
Amortization of leasing costs and in-place lease intangibles	9,518	11,347	11,875
Accrued straight-line rental revenue	(2,731)	(1,222)	(1,091)
Amortization of leasing incentives and above or below-market rents	(266)	(195)	(85)
Accrued straight-line ground rent expense	214	530	371
Bad debt expense	419	564	203
Noncash stock compensation	1,281	1,323	1,082
Impairment charges	1,619	110	355
Noncash interest expense	1,116	1,274	980
Noncash loss on extinguishment of debt	11	50	82
Gain on real estate dispositions	(4,254)	(8,087)	(30,533)
Adjustment for Annapolis Junction purchase option ⁽¹⁾	4,489	—	—
Change in the fair value of interest rate derivatives	951	(1,127)	941
Equity in income of unconsolidated real estate entities	(372)	—	—
Changes in operating assets and liabilities:			
Property assets	(3,539)	(2,415)	(2,964)
Property liabilities	1,709	2,793	3,979
Construction assets	7,554	17,573	(6,385)
Construction liabilities	(15,248)	(20,110)	15,189
Interest receivable	(271)	(7,071)	(3,222)
Net cash provided by operating activities	56,087	51,236	56,985
INVESTING ACTIVITIES			
Development of real estate investments	(133,791)	(45,730)	(57,425)
Tenant and building improvements	(11,723)	(12,252)	(6,698)
Acquisitions of real estate investments, net of cash received	(57,544)	(30,026)	(195,645)
Dispositions of real estate investments, net of selling costs	34,673	12,557	96,670
Notes receivable issuances	(58,208)	(16,219)	(48,499)
Notes receivable paydowns	1,165	—	—
Leasing costs	(4,607)	(2,235)	(2,374)
Leasing incentives	(108)	(274)	(236)
Contributions to equity method investments	(10,420)	(1,176)	(8,824)
Net cash used for investing activities	(240,563)	(95,355)	(223,031)
FINANCING ACTIVITIES			
Proceeds from sales of common stock	66,457	96,044	68,475
Offering costs	(1,213)	(4,663)	(1,453)
Common shares tendered for tax withholding	(409)	(289)	(218)
Debt issuances, credit facility and construction loan borrowings	349,580	162,585	316,852
Debt and credit facility repayments, including principal amortization	(173,855)	(160,661)	(186,533)
Debt issuance costs	(1,457)	(2,403)	(1,796)
Redemption of operating partnership units	(2,595)	(5,155)	(58)
Dividends and distributions	(50,897)	(43,616)	(33,843)
Net cash provided by financing activities	185,611	41,842	161,426
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,135	(2,277)	(4,620)
Cash, cash equivalents, and restricted cash, beginning of period ⁽²⁾	22,916	25,193	29,813
Cash, cash equivalents, and restricted cash, end of period ⁽²⁾	<u>\$ 24,051</u>	<u>\$ 22,916</u>	<u>\$ 25,193</u>

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Consolidated Statements of Cash Flows (Continued)

(In thousands)

Supplemental cash flow information:

Cash paid for interest	\$	(17,319)	\$	(16,318)	\$	(15,326)
Cash refunded (paid) for income taxes	\$	555	\$	(371)	\$	(121)
Increase in dividends payable	\$	1,640	\$	2,160	\$	2,106
Common shares and OP units issued for acquisitions ⁽³⁾	\$	1,702	\$	506	\$	47,278
Change in accrued capital improvements and development costs	\$	18,310	\$	10,899	\$	(8,183)
Operating Partnership units redeemed for common shares	\$	3,715	\$	—	\$	—
Debt principal extinguished in conjunction with real estate sales	\$	—	\$	5,594	\$	6,400
Debt principal assumed in conjunction with real estate acquisitions	\$	—	\$	—	\$	21,150
Redeemable noncontrolling interest from development	\$	—	\$	2,000	\$	—
Deferred payment for land acquisition	\$	—	\$	600	\$	—

(1) See Note 6 to the consolidated financial statements. Borrower paid \$5.0 million in exchange for the Company's purchase option. Recognition of income was initially deferred and is being recognized as additional interest income on the note receivable over the one-year remaining term.

(2) The following table sets forth the items from the Company's Consolidated Balance Sheets that are included in cash, cash equivalents, and restricted cash in the consolidated statements of cash flows:

	As of December 31	
	2018	2017
Cash and cash equivalents	\$ 21,254	\$ 19,959
Restricted cash	2,797	2,957
Cash, cash equivalents, and restricted cash	<u>\$ 24,051</u>	<u>\$ 22,916</u>

(3) 2017 issuance consists of OP Units contingently issuable upon the satisfaction of certain conditions relating to the Johns Hopkins Village property. These OP Units were issued in 2018.

See Notes to Consolidated Financial Statements.

ARMADA HOFFLER PROPERTIES, INC.
Notes to Consolidated Financial Statements

1. *Business and Organization*

Armada Hoffler Properties, Inc. (the “Company”) is a full service real estate company with extensive experience developing, building, owning, and managing high-quality, institutional-grade office, retail, and multifamily properties in attractive markets primarily throughout the Mid-Atlantic and Southeastern United States.

The Company is a real estate investment trust (“REIT”), and is the sole general partner of Armada Hoffler, L.P. (the “Operating Partnership”), and as of December 31, 2018, owned 74.5% of the economic interest in the Operating Partnership, of which 0.1% is held as general partnership units. The operations of the Company are carried on primarily through the Operating Partnership and the wholly owned subsidiaries of the Operating Partnership. Both the Company and the Operating Partnership were formed on October 12, 2012 and commenced operations upon completion of the underwritten initial public offering of shares of the Company’s common stock (the “IPO”) and certain related formation transactions on May 13, 2013.

As of December 31, 2018, the Company's operating portfolio consisted of the following properties:

Property	Segment	Location	Ownership Interest
4525 Main Street	Office	Virginia Beach, Virginia*	100%
Armada Hoffer Tower	Office	Virginia Beach, Virginia*	100%
One Columbus	Office	Virginia Beach, Virginia*	100%
Two Columbus	Office	Virginia Beach, Virginia*	100%
249 Central Park Retail	Retail	Virginia Beach, Virginia*	100%
Alexander Pointe	Retail	Salisbury, North Carolina	100%
Bermuda Crossroads	Retail	Chester, Virginia	100%
Broad Creek Shopping Center	Retail	Norfolk, Virginia	100%
Broadmoor Plaza	Retail	South Bend, Indiana	100%
Columbus Village	Retail	Virginia Beach, Virginia*	100%
Columbus Village II	Retail	Virginia Beach, Virginia*	100%
Commerce Street Retail	Retail	Virginia Beach, Virginia*	100%
Courthouse 7-Eleven	Retail	Virginia Beach, Virginia	100%
Dick's at Town Center	Retail	Virginia Beach, Virginia*	100%
Dimmock Square	Retail	Colonial Heights, Virginia	100%
Fountain Plaza Retail	Retail	Virginia Beach, Virginia*	100%
Gainsborough Square	Retail	Chesapeake, Virginia	100%
Greentree Shopping Center	Retail	Chesapeake, Virginia	100%
Hanbury Village	Retail	Chesapeake, Virginia	100%
Harper Hill Commons	Retail	Winston-Salem, North Carolina	100%
Harrisonburg Regal	Retail	Harrisonburg, Virginia	100%
Indian Lakes Crossing	Retail	Virginia Beach, Virginia	100%
Lexington Square	Retail	Lexington, South Carolina	100%
Lightfoot Marketplace	Retail	Williamsburg, Virginia	70% (1)
North Hampton Market	Retail	Taylors, South Carolina	100%
North Point Center	Retail	Durham, North Carolina	100%
Oakland Marketplace	Retail	Oakland, Tennessee	100%
Parkway Centre	Retail	Moultrie, Georgia	100%
Parkway Marketplace	Retail	Virginia Beach, Virginia	100%
Patterson Place	Retail	Durham, North Carolina	100%
Perry Hall Marketplace	Retail	Perry Hall, Maryland	100%
Providence Plaza	Retail	Charlotte, North Carolina	100%
Renaissance Square	Retail	Davidson, North Carolina	100%
Sandbridge Commons	Retail	Virginia Beach, Virginia	100%
Socastee Commons	Retail	Myrtle Beach, South Carolina	100%
Southgate Square	Retail	Colonial Heights, Virginia	100%
Southshore Shops	Retail	Chesterfield, Virginia	100%
South Retail	Retail	Virginia Beach, Virginia*	100%
South Square	Retail	Durham, North Carolina	100%
Stone House Square	Retail	Hagerstown, Maryland	100%
Studio 56 Retail	Retail	Virginia Beach, Virginia*	100%
Tyre Neck Harris Teeter	Retail	Portsmouth, Virginia	100%
Wendover Village	Retail	Greensboro, North Carolina	100%
Encore Apartments	Multifamily	Virginia Beach, Virginia*	100%
Johns Hopkins Village	Multifamily	Baltimore, Maryland	100%
Liberty Apartments	Multifamily	Newport News, Virginia	100%
Smith's Landing	Multifamily	Blacksburg, Virginia	100%
The Cosmopolitan	Multifamily	Virginia Beach, Virginia*	100%

* Located in the Town Center of Virginia Beach

(1) The Company is entitled to a preferred return of 9% on its investment in Lightfoot Marketplace.

As of December 31, 2018, the following properties were either under development or not yet stabilized:

Property	Segment	Location	Ownership Interest
Premier Apartments (Town Center Phase VI)	Multifamily	Virginia Beach, Virginia*	100%
Premier Retail (Town Center Phase VI)	Retail	Virginia Beach, Virginia*	100%
Greenside (Harding Place)	Multifamily	Charlotte, North Carolina	80% (1)
Hoffler Place (King Street)	Multifamily	Charleston, South Carolina	93%
Summit Place (Meeting Street)	Multifamily	Charleston, South Carolina	90%
Brooks Crossing Retail	Retail	Newport News, Virginia	65% (2)
Brooks Crossing Office	Office	Newport News, Virginia	65% (2)
Lightfoot outparcel	Retail	Williamsburg, Virginia	70% (3)
Market at Mill Creek	Retail	Mount Pleasant, South Carolina	70% (4)
Wills Wharf	Mixed-use	Baltimore, Maryland	100%

*Located in the Town Center of Virginia Beach

(1) The Company is entitled to a preferred return of 9% on a portion of its investment in Greenside.

(2) The Company is entitled to a preferred return of 8% on its investment in Brooks Crossing.

(3) The Company is entitled to a preferred return of 9% on its investment in Lightfoot.

(4) The Company is entitled to a preferred return of 10% on its investment in Market at Mill Creek.

2. **Significant Accounting Policies**

Basis of Presentation

The accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States ("GAAP").

The consolidated financial statements include the financial position and results of operations of the Company, the Operating Partnership, its wholly owned subsidiaries, and any interests in variable interest entities ("VIEs") where the Company has been determined to be the primary beneficiary. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed. Such estimates are based on management's historical experience and best judgment after considering past, current, and expected events and economic conditions. Actual results could differ from management's estimates.

Segments

Segment information is prepared on the same basis that management reviews information for operational decision-making purposes. Management evaluates the performance of each of the Company's properties individually and aggregates such properties into segments based on their economic characteristics and classes of tenants. The Company operates in four business segments: (i) office real estate, (ii) retail real estate, (iii) multifamily residential real estate, and (iv) general contracting and real estate services. The Company's general contracting and real estate services business develops and builds properties for its own account and also provides construction and development services to both related and third parties.

Reclassifications

Certain amounts previously reported in the consolidated financial statements have been reclassified in the accompanying consolidated financial statements to conform to the current period's presentation.

The Company has included gain on real estate dispositions as a component of operating income to present gain on real estate dispositions in accordance with ASC 360-10-45-5. The change was made for the prior periods as the Securities and Exchange Commission has eliminated Rule 3-15(a) of Regulation S-X, which had required REIT's to present gains and losses on sale of properties outside of continuing operations in the income statement. The rule change is effective for all filings made on or after November 5, 2018.

During the second quarter of 2018, the Company identified certain immaterial classification errors on the Company's Consolidated Statements of Cash Flows and determined that, in the Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 and future periodic reports, the Company would correct these classification errors. One classification error was corrected by including within the changes in operating assets and liabilities in the operating activities section a new line item for "Interest receivable." A corresponding adjustment was recorded to reduce the amount of "Notes receivable issuances" within investing activities on the consolidated statement of cash flows. These reclassifications totaled \$7.1 million and \$3.2 million during the years ended December 31, 2017 and 2016, respectively. These reclassifications decreased "Net cash provided by operating activities" and "Net cash used for investing activities" by an equal and offsetting amount. These reclassifications did not have any impact on the Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, Consolidated Statement of Equity, or any other operating measure for the periods affected.

These amounts were previously presented as "Notes receivable issuances," a component of net cash used for investing activities on the Consolidated Statements of Cash Flows, resulting in overstatements in cash provided by operating activities and overstatements of cash used in investing activities. These amounts represent interest earned on mezzanine loans that were funded by additional borrowings as provided for in the mezzanine loan agreements. These amounts are now classified as changes in interest receivable, a non-cash adjustment to calculate net cash provided by operating activities.

The second classification error was corrected by including within financing activities on the Consolidated Statements of Cash Flows a new line item for "Common shares tendered for tax withholding." A corresponding adjustment was recorded to the "Changes in operating assets and liabilities: Property liabilities" within operating activities on the Consolidated Statements of Cash Flows. This reclassification totaled \$0.3 million and \$0.2 million during the years ended December 31, 2017 and 2016, respectively. These reclassifications increased "Net cash provided by operating activities" and decreased "Net cash provided by financing activities" by an equal and offsetting amount.

Revenue Recognition

Rental Revenues

The Company leases its properties under operating leases and recognizes base rents when earned on a straight-line basis over the lease term. Rental revenues include \$2.7 million, \$1.2 million and \$1.1 million of straight-line rent adjustments for the years ended December 31, 2018, 2017, and 2016, respectively. The Company begins recognizing rental revenue when the tenant has the right to take possession of or controls the physical use of the property under lease. The extended collection period for accrued straight-line rental revenue along with the Company's evaluation of tenant credit risk may result in the nonrecognition of all or a portion of straight-line rental revenue until the collection of such revenue is probable. The Company recognizes contingent rental revenue (e.g., percentage rents based on tenant sales thresholds) when the sales thresholds are met. Contingent rents included in rental revenues were \$0.3 million, \$0.4 million, and \$0.4 million for the years ended December 31, 2018, 2017, and 2016, respectively. The Company recognizes leasing incentives as reductions to rental revenue on a straight-line basis over the lease term. Leasing incentive amortization was \$0.7 million, \$0.8 million, and \$0.8 million for the years ended December 31, 2018, 2017, and 2016, respectively. The Company recognizes fair value adjustments recorded at the time of lease assumption in rental income on a straight line basis as a reduction to revenue over the remaining life of the lease or any renewal periods for which the Company determines have value at the time of acquisition. The Company recognizes cost reimbursement revenue for real estate taxes, operating expenses, and common area maintenance costs on an accrual basis during the periods in which the expenses are incurred. The Company recognizes lease termination fees either upon termination or amortizes them over any remaining lease term.

General Contracting and Real Estate Services Revenues

On May 28, 2014, the Financial Accounting Standards Board ("FASB") issued a new standard that provides a single, comprehensive model for recognizing revenue from contracts with customers. While the new standard does not supersede the guidance on accounting for leases, it changes the way the Company recognizes revenue from construction and development contracts with third party customers. The Company adopted this standard on January 1, 2018 using the modified retrospective method, applying this standard to all contracts not yet completed as of that date. In applying the standard to the Company's future construction contracts, certain pre-contract costs incurred by the Company are now deferred and amortized over the period during which construction obligations are fulfilled. Previously, these costs were immediately recorded as general contracting expenses upon commencement of construction, with the corresponding general contracting revenue also recorded. Applying the standard to the Company's uncompleted contracts as of January 1, 2018 did not result in material differences to these contracts in aggregate, and no cumulative adjustment to distributions in excess of earnings was recorded as of January 1, 2018.

The Company recognizes general contracting revenues as a customer obtains control of promised goods or services in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. For each construction contract, the Company identifies the performance obligations, which typically include the delivery of a single building constructed according to the specifications of the contract. The Company estimates the total transaction price, which generally includes a fixed contract price and may also include variable components such as early completion bonuses, liquidated damages, or cost savings to be shared with the customer. Variable components of the contract price are included in the transaction price to the extent that it is probable that a significant reversal of revenue will not occur. The Company recognizes the estimated transaction price as revenue as it satisfies its performance obligations; the Company estimates its progress in satisfying performance obligations for each contract using the input method, based on the proportion of incurred costs relative to total estimated construction costs at completion. Construction contract costs include all direct material, direct labor, subcontract costs, and overhead costs directly related to contract performance. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, are all significant judgments that may result in revisions to costs and income and are recognized in the period in which they are determined. Provisions for estimated losses on uncompleted contracts are recognized immediately in the period in which such losses are determined. The Company defers precontract costs when such costs are directly associated with specific anticipated contracts and their recovery is probable.

The Company recognizes real estate services revenues from property development and management as it satisfies its performance obligations under these service arrangements.

The Company assesses whether multiple contracts with a single counterparty may be combined into a single contract for the revenue recognition purposes based on factors such as the timing of the negotiation and execution of the contracts and whether the economic substance of the contracts was contemplated separately or in tandem.

Real Estate Investments

Income producing property primarily includes land, buildings, and tenant improvements and is stated at cost. Real estate investments held for development include land and capitalized development costs. The Company reclassifies real estate investments held for development to construction in progress upon commencement of construction. Construction in progress is stated at cost. Direct and certain indirect costs clearly associated with the development, redevelopment, construction, leasing, or expansion of real estate assets are capitalized as a cost of the property. Repairs and maintenance costs are expensed as incurred.

The Company capitalizes direct and indirect project costs associated with the initial development of a property until the property is substantially complete and ready for its intended use. Capitalized project costs include preacquisition, development, and preconstruction costs including overhead, salaries, and related costs of personnel directly involved, real estate taxes, insurance, utilities, ground rent, and interest. Interest capitalized during the years ended December 31, 2018, 2017, and 2016 was \$5.0 million, \$1.3 million and \$1.0 million, respectively. Overhead, salaries and related personnel costs capitalized during the years ended December 31, 2018, 2017, and 2016 were \$3.1 million, \$2.4 million and \$1.7 million, respectively.

The Company capitalizes preacquisition development costs directly identifiable with specific properties when the acquisition of such properties is probable. Capitalized preacquisition development costs are presented within other

assets in the consolidated balance sheets. Capitalized preacquisition development costs as of December 31, 2018 and 2017 were \$1.2 million and \$1.4 million, respectively. Costs attributable to unsuccessful projects are expensed.

Income producing property is depreciated on a straight-line basis over the following estimated useful lives:

Buildings	39 years
Capital improvements	5—20 years
Equipment	3—7 years
Tenant improvements	Term of the related lease (or estimated useful life, if shorter)

Operating Property Acquisitions

In connection with operating property acquisitions, the Company identifies and recognizes all assets acquired and liabilities assumed at their estimated fair values or relative fair values subsequent to the adoption of the new accounting guidance discussed below, as of the acquisition date. The purchase price allocations to tangible assets, such as land, site improvements, and buildings and improvements are presented within income producing property in the consolidated balance sheets and depreciated over their estimated useful lives. Acquired lease intangibles are presented within other assets and other liabilities in the consolidated balance sheets and amortized over their respective lease terms. The Company amortizes in-place lease assets as depreciation and amortization expense on a straight-line basis over the remaining term of the related leases. The Company amortizes above-market lease assets as reductions to rental revenues on a straight-line basis over the remaining term of the related leases. The Company amortizes below-market lease liabilities as increases to rental revenues on a straight-line basis over the remaining term of the related leases. The Company amortizes below-market ground lease assets as increases to rental expenses on a straight-line basis over the remaining term of the related leases. Prior to October 1, 2016, the Company expensed all costs incurred related to operating property acquisitions. On October 1, 2016, the Company adopted newly issued accounting guidance that allows capitalization of costs related to operating property acquisitions that do not meet the definition of a business under the new guidance discussed below under "Recent Accounting Pronouncements".

The Company values land based on a market approach, looking to recent sales of similar properties, adjusting for differences due to location, the state of entitlement, as well as the shape and size of the parcel. Improvements to land are valued using a replacement cost approach. The approach applies industry standard replacement costs adjusted for geographic specific considerations and reduced by estimated depreciation. The value of buildings acquired is estimated using the replacement cost approach, assuming the buildings were vacant at acquisition. The replacement cost approach considers the composition of the structures acquired, adjusted for an estimate of depreciation. The estimate of depreciation is made considering industry standard information and depreciation curves for the identified asset classes. The value of acquired lease intangibles considers the estimated cost of leasing the properties as if the acquired buildings were vacant, as well as the value of the current leases relative to market-rate leases. The in-place lease value is determined using an estimated total lease-up time and lost rental revenues during such time. The value of current leases relative to market-rate leases is based on market rents obtained for market comparables. Given the significance of unobservable inputs used in the valuation of acquired real estate assets, the Company classifies them as Level 3 inputs in the fair value hierarchy.

The Company values debt assumed in connection with operating property acquisitions based on a discounted cash flow analysis of the expected cash flows of the debt. Such analysis considers the contractual terms of the debt, including the period to maturity, credit characteristics, and other terms of the arrangements, which are Level 3 inputs in the fair value hierarchy.

Real Estate Sales

The Company accounts for the sale of real estate assets and any related gain in accordance with the accounting guidance applicable to sales of real estate, which establishes standards for recognition of profit on all real estate sales transactions other than retail land sales. The Company recognizes the sale and associated gain or loss once it transfers control of the real estate asset and the Company does not have significant continuing involvement.

Real Estate Investments Held for Sale

Real estate assets classified as held for sale are reported at the lower of their carrying value or their fair value, less estimated costs to sell. Once a property is classified as held for sale, it is no longer depreciated. A property is classified as held for sale when: (i) senior management commits to a plan to sell the property, (ii) the property is available for immediate sale in its present condition, subject only to conditions usual and customary for such sales, (iii) an active program to locate a buyer and other actions required to complete the plan to sell have been initiated, (iv) the sale is expected to be completed within one year, (v) the property is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

As of December 31, 2018, the Waynesboro Commons shopping center was classified as held for sale. No properties were held for sale as of December 31, 2017.

Impairment of Long Lived Assets

The Company evaluates its real estate assets for impairment on a property by property basis whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such an evaluation is necessary, the Company compares the carrying amount of any such real estate asset with the undiscounted expected future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. If the carrying amount of a real estate asset exceeds the associated estimate of undiscounted expected future cash flows, an impairment loss is recognized to reduce the real estate asset's carrying value to its fair value. The impairment charges recognized during the year ended December 31, 2018 primarily relate to the \$1.5 million impairment of Waynesboro Commons, which was classified as of held for sale as of December 31, 2018. Impairment charges recognized during the years ended December 31, 2017 and 2016 represent unamortized leasing or acquired intangible assets related to vacated tenants.

Interest Income

Interest income on notes receivable is accrued based on the contractual terms of the loans and when it is deemed collectible. Many loans provide for accrual of interest that will not be paid until maturity of the loan. Interest is recognized on these loans at the accrual rate subject to the determination that accrued interest is ultimately collectible, based on the underlying collateral and the status of development activities, as applicable. If this determination cannot be made, recognition of interest income may be fully or partially deferred until it is ultimately paid.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, investments in money market funds, and investments with an original maturity of three months or less.

Restricted Cash

Restricted cash represents amounts held by lenders for real estate taxes, insurance, and reserves for capital improvements.

Accounts Receivable, net

Accounts receivable include amounts from tenants for base rents, contingent rents, and cost reimbursements as well as accrued straight-line rental revenue. As of December 31, 2018 and 2017, accrued straight-line rental revenue presented within accounts receivable in the consolidated balance sheets was \$15.2 million and \$12.8 million, respectively.

The Company's evaluation of the collectability of accounts receivable and the adequacy of the allowance for doubtful accounts is based primarily upon evaluations of individual receivables, current economic conditions, historical experience, and other relevant factors. The Company establishes reserves for tenant receivables outstanding over 90 days. For all such tenants, the Company also reserves any related accrued straight-line rental revenue. Additional reserves are recorded for more current amounts, as applicable, when the Company has determined collectability to be doubtful. As of December 31, 2018 and 2017, the allowance for doubtful accounts was \$0.6 million and \$0.5 million, respectively. The Company presents bad debt expense within rental expenses in the consolidated statements of comprehensive income.

Notes Receivable

Notes receivable represent financing to third parties in the form of mortgage or mezzanine loans for the development of new real estate. The Company's mezzanine loans are typically made to borrowers who have little or no equity in the underlying development projects. Mezzanine loans are secured, in part, by pledges of ownership interests of the entities that own the underlying real estate. The loans generally have junior liens on the respective real estate projects. The Company evaluates the collectability of both the interest on and principal of each of its notes receivable based primarily upon the financial condition of the individual borrowers. The Company considers factors such as the progress of development activities, including leasing activities, projected development costs, and current and projected loan balances. A loan is determined to be impaired when, based upon then-current information, it is no longer probable that the Company will be able to collect all contractual amounts due from the borrower. The amount of impairment loss recognized is measured as the difference between the carrying amount of the loan and its estimated realizable value.

Guarantees

The Company measures and records a liability for the fair value of its guarantees on a nonrecurring basis upon issuance using Level 3 internally-developed inputs. These guarantees typically relate to payments that could be required of the Company to senior lenders on its mezzanine loan investments. The Company bases its estimated fair value on the market approach, which compares the guarantee terms and credit characteristics of the underlying development project to other projects for which guarantee pricing terms are available. The offsetting entry for the guarantee liability is a premium on the related loan receivable. The liability is amortized on a straight-line basis over the remaining term of the guarantee. On a quarterly basis, the Company assesses the likelihood of a contingent liability in connection with these guarantees and will record an additional guarantee liability if the unamortized guarantee liability is insufficient.

Leasing Costs

Commissions paid by the Company to third parties to originate a lease are deferred and amortized as depreciation and amortization expense on a straight-line basis over the term of the related lease. Leasing costs are presented within other assets in the consolidated balance sheets.

Leasing Incentives

Incentives paid by the Company to tenants are deferred and amortized as reductions to rental revenues on a straight-line basis over the term of the related lease. Leasing incentives are presented within other assets in the consolidated balance sheets.

Debt Issuance Costs

Financing costs are deferred and amortized as interest expense using the effective interest method over the term of the related debt. Debt issuance costs are presented as a direct deduction from the carrying value of the associated debt liability in the consolidated balance sheets.

Derivative Financial Instruments

The Company may enter into interest rate derivatives to manage exposure to interest rate risks. The Company does not use derivative financial instruments for trading or speculative purposes. The Company recognizes derivative financial instruments at fair value and presents them within other assets and liabilities in the consolidated balance sheets. Gains and losses resulting from changes in the fair value of derivatives that are neither designated nor qualify as hedging instruments are recognized within the change in fair value of interest rate derivatives captioned in the consolidated statements of comprehensive income. For derivatives that qualify as cash flow hedges, the gain or loss is reported as a component of other comprehensive income (loss) and reclassified into earnings in the periods during which the hedged forecasted transaction affects earnings.

Stock-Based Compensation

The Company measures the compensation cost of restricted stock awards based on the grant date fair value. The Company recognizes compensation cost for the vesting of restricted stock awards using the accelerated attribution method. Compensation cost associated with the vesting of restricted stock awards is presented within either general and administrative expenses or general contracting and real estate services expenses in the consolidated statements of comprehensive income. Total stock-based compensation expense recognized during the years ended December 31, 2018, 2017, and 2016 was \$1.3 million, \$1.3 million and \$1.1 million, respectively. Stock-based compensation for personnel directly involved in the construction and development of a property is capitalized. During the years ended December 31, 2018, 2017, and 2016, the Company capitalized \$0.7 million, \$0.4 million, and \$0.3 million, respectively, of stock-based compensation. The effect of forfeitures of awards is recorded as they occur.

Income Taxes

The Company has elected to be taxed as a REIT for U.S. federal income tax purposes. For continued qualification as a REIT for federal income tax purposes, the Company must meet certain organizational and operational requirements, including a requirement to pay distributions to stockholders of at least 90% of annual taxable income, excluding net capital gains. As a REIT, the Company generally is not subject to income tax on net income distributed as dividends to stockholders. The Company is subject to state and local income taxes in some jurisdictions and, in certain circumstances, may also be subject to federal excise taxes on undistributed income. In addition, certain of the Company's activities must be conducted by subsidiaries that have elected to be treated as a taxable REIT subsidiary ("TRS") subject to both federal and state income taxes. The Operating Partnership conducts its development and construction businesses through the TRS. The related income tax provision or benefit attributable to the profits or losses of the TRS and any taxable income of the Company is reflected in the consolidated financial statements.

The Company uses the liability method of accounting for deferred income tax in accordance with GAAP. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying value of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the statutory rates expected to be applied in the periods in which those temporary differences are settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period of the change. A valuation allowance is recorded on the Company's deferred tax assets when it is more likely than not that such assets will not be realized. When evaluating the realizability of the Company's deferred tax assets, all evidence, both positive and negative, is evaluated. Items considered in this analysis include the ability to carry back losses, the reversal of temporary differences, tax planning strategies, and expectations of future earnings.

Under GAAP, the amount of tax benefit to be recognized is the amount of benefit that is more likely than not to be sustained upon examination. Management analyzes its tax filing positions in the U.S. federal, state and local jurisdictions where it is required to file income tax returns for all open tax years. If, based on this analysis, management determines that uncertainties in tax positions exist, a liability is established. The Company recognizes accrued interest and penalties related to unrecognized tax positions in the provision for income taxes. If recognized, the entire amount of unrecognized tax positions would be recorded as a reduction to the provision for income taxes.

Discontinued Operations

Disposals representing a strategic shift that has or will have a major effect on the Company's operations and financial results are reported as discontinued operations.

Net Income Per Share and Unit

The Company calculates net income per share and unit based upon the weighted average shares and units outstanding. Diluted net income per share and unit is calculated after giving effect to all significant potential dilutive shares outstanding during the period. Potential dilutive shares outstanding during the period include nonvested restricted stock awards. However, there were no significant potential dilutive shares or units outstanding for each of the three years ended December 31, 2018. As a result, basic and diluted outstanding shares and units were the same for all periods presented. See Note 11 for the changes in the Company's nonvested restricted awards during the year ended December 31, 2018.

Recent Accounting Pronouncements

On February 25, 2016, the FASB issued a new lease standard that requires lessees to recognize most leases in their balance sheets as lease liabilities with corresponding right-of-use assets. The new standard also makes targeted changes to lessor accounting. The new standard will be effective for the Company on January 1, 2019 and requires a modified retrospective transition approach for all leases existing at, or entered into after, the beginning of the earliest comparative period presented, with an option to use certain transition relief. Management is currently evaluating the potential impact of the new standard on the Company's consolidated financial statements. The Company is the lessee on certain long-term ground leases, which represents a majority of the Company's current operating lease payments, and expects to record lease liabilities and corresponding right-of-use assets totaling between \$30.0 million and \$45.0 million for these leases under the new standard. The Company anticipates utilizing certain transition relief under the new standard that will allow the Company not to reassess the classification of any expired or existing leases, the treatment of initial direct costs relating to these leases, and any lease components of existing service contracts. Additionally, the Company, as lessor, anticipates utilizing a practical expedient allowing the Company to not allocate the consideration in a lease to a separate lease component and a nonlease component (relating to certain common area maintenance activities).

On January 5, 2017, the FASB issued new guidance that modifies the definition of a business. Under this new guidance, many real estate acquisitions will now be considered asset acquisitions, allowing costs associated with these acquisitions to be capitalized. The Company adopted this guidance on October 1, 2016, resulting in the capitalization of approximately \$0.7 million of acquisition costs related to two acquisitions in the fourth quarter of 2016. If the Company had adopted this guidance on January 1, 2016, approximately \$1.4 million in acquisition costs would have been capitalized.

On February 22, 2017, the FASB issued new guidance that clarifies the scope and application of guidance on sales or transfers of nonfinancial assets and in substance nonfinancial assets to customers, including partial sales. The new guidance applies to all nonfinancial assets, including real estate, and defines an in substance nonfinancial asset. The Company adopted the new guidance on January 1, 2018, and it did not have a material impact on the Company's consolidated financial statements.

On August 28, 2017, the FASB issued new guidance that simplifies some of the requirements relating to accounting for derivatives and hedging. The new guidance eliminates the requirement to separately measure and report hedge ineffectiveness for a highly effective hedge and also simplifies certain documentation and assessment requirements relating to the determination of hedge effectiveness. The Company adopted this guidance effective July 1, 2018. The application of this guidance to hedging relationships generally eliminates the gains and losses that would otherwise be recorded for these derivative instruments.

3. *Segments*

Net operating income (segment revenues minus segment expenses) is the measure used by the Company's chief operating decision-maker to assess segment performance. Net operating income is not a measure of operating income or cash flows from operating activities as measured by GAAP and is not indicative of cash available to fund cash needs. As a result, net operating income should not be considered an alternative to cash flows as a measure of liquidity. Not all companies calculate net operating income in the same manner. The Company considers net operating income to be an appropriate supplemental measure to net income because it assists both investors and management in understanding the core operations of the Company's real estate and construction businesses.

Net operating income of the Company's reportable segments for the years ended December 31, 2018, 2017, and 2016 was as follows (in thousands):

	Years Ended December 31,		
	2018	2017	2016
<i>Office real estate</i>			
Rental revenues	\$ 20,701	\$ 19,207	\$ 20,929
Rental expenses	5,858	5,483	5,560
Real estate taxes	2,034	1,859	2,000
Segment net operating income	12,809	11,865	13,369
<i>Retail real estate</i>			
Rental revenues	67,959	63,109	56,511
Rental expenses	10,903	10,234	9,116
Real estate taxes	6,801	6,175	5,395
Segment net operating income	50,255	46,700	42,000
<i>Multifamily residential real estate</i>			
Rental revenues	28,298	26,421	21,915
Rental expenses	10,461	9,705	7,228
Real estate taxes	2,548	2,494	2,234
Segment net operating income	15,289	14,222	12,453
<i>General contracting and real estate services</i>			
Segment revenues	76,359	194,034	159,030
Segment expenses	73,628	186,590	153,375
Segment gross profit	2,731	7,444	5,655
Net operating income	\$ 81,084	\$ 80,231	\$ 73,477

Rental expenses represent costs directly associated with the operation and management of the Company's real estate properties. Rental expenses include asset management fees, property management fees, repairs and maintenance, insurance, and utilities.

General contracting and real estate services revenues for the years ended December 31, 2018, 2017, and 2016 exclude revenue related to intercompany construction contracts of \$134.4 million, \$51.5 million and \$43.3 million, respectively, as it is eliminated in consolidation. General contracting and real estate services expenses for the years ended December 31, 2018, 2017, and 2016 exclude expenses related to intercompany construction contracts of \$133.4 million, \$51.0 million and \$42.7 million, respectively, as it is eliminated in consolidation. General contracting and real estate services expenses for the years ended December 31, 2018, 2017, and 2016 include noncash stock compensation expense of \$0.2 million, \$0.3 million, and \$0.2 million, respectively.

The following table reconciles net operating income to net income for the years ended December 31, 2018, 2017, and 2016 (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Net operating income	\$ 81,084	\$ 80,231	\$ 73,477
Depreciation and amortization	(39,913)	(37,321)	(35,328)
General and administrative expenses	(11,431)	(10,435)	(9,552)
Acquisition, development and other pursuit costs	(352)	(648)	(1,563)
Impairment charges	(1,619)	(110)	(355)
Interest income	10,729	7,077	3,228
Interest expense	(19,087)	(17,439)	(16,466)
Equity in income of unconsolidated real estate entities	372	—	—
Loss on extinguishment of debt	(11)	(50)	(82)
Gain on real estate dispositions	4,254	8,087	30,533
Change in fair value of interest rate derivatives	(951)	1,127	(941)
Other income	388	131	147
Income tax benefit (provision)	29	(725)	(343)
Net income	<u>\$ 23,492</u>	<u>\$ 29,925</u>	<u>\$ 42,755</u>

General and administrative expenses represent costs not directly associated with the operation and management of the Company's real estate properties and general contracting and real estate services businesses. General and administrative expenses include corporate office personnel salaries and benefits, bank fees, accounting fees, legal fees and other corporate office expenses. General and administrative expenses for the years ended December 31, 2018, 2017, and 2016 include noncash stock compensation expense of \$1.1 million, \$0.9 million and \$0.7 million, respectively.

4. *Operating Leases*

The Company's commercial tenant leases generally range from five to 20 years, but certain leases with anchor tenants may be longer. The Company's commercial tenant leases provide for minimum rental payments during each of the next five years and thereafter as follows (in thousands):

2019	\$ 71,838
2020	63,981
2021	57,295
2022	51,271
2023	43,338
Thereafter	180,729
Total	<u>\$ 468,452</u>

Lease terms on multifamily apartment units generally range from seven to 15 months, with a majority having 12-month lease terms. Apartment leases are not included in the preceding table as the remaining terms as of December 31, 2018 are generally less than one year.

5. *Real Estate Investments and Equity Method Investments*

The Company's real estate investments comprised the following as of December 31, 2018 and 2017 (in thousands):

December 31, 2018				
	Income producing property	Held for development	Construction in progress	Total
Land	\$ 192,677	\$ 2,994	\$ 17,961	\$ 213,632
Land improvements	53,521	—	—	53,521
Buildings and improvements	791,719	—	—	791,719
Development and construction costs	—	—	117,714	117,714
Real estate investments	<u>\$ 1,037,917</u>	<u>\$ 2,994</u>	<u>\$ 135,675</u>	<u>\$ 1,176,586</u>

December 31, 2017				
	Income producing property	Held for development	Construction in progress	Total
Land	\$ 175,885	\$ 680	\$ 21,212	\$ 197,777
Land improvements	44,681	—	—	44,681
Buildings and improvements	690,120	—	—	690,120
Development and construction costs	—	—	61,859	61,859
Real estate investments	<u>\$ 910,686</u>	<u>\$ 680</u>	<u>\$ 83,071</u>	<u>\$ 994,437</u>

2018 Operating Property Acquisitions

On January 9, 2018, the Company acquired Indian Lakes Crossing, a Harris Teeter-anchored shopping center in Virginia Beach, Virginia, for a contract price of \$14.7 million plus capitalized acquisition costs of \$0.2 million.

On January 29, 2018, the Company acquired Parkway Centre, a newly developed Publix-anchored shopping center in Moultrie, Georgia, for total consideration of \$11.3 million (comprised of \$9.6 million in cash and \$1.7 million in the form of Class A units of limited partnership interest in the Operating Partnership ("Class A Units")) plus capitalized acquisition costs of \$0.3 million.

On August 28, 2018, the Company acquired Lexington Square, a newly developed Lowes Foods-anchored shopping center in Lexington, South Carolina, for a purchase price of \$26.8 million, consisting of cash consideration of \$24.2 million and \$2.6 million of additional consideration in the form of Class A Units issuable in increments to the seller upon the fulfillment of certain occupancy thresholds within the first 18 months of the Company's ownership. No Class A Units have been issued as of December 31, 2018 for this acquisition. As part of this transaction, the Company also capitalized acquisition costs of \$0.4 million.

The following table summarizes the purchase price allocation (including acquisition costs) based on relative fair value of the assets acquired and liabilities assumed for the three operating properties purchased during the year ended December 31, 2018 (in thousands):

	Indian Lakes Crossing	Parkway Centre	Lexington Square
Land	\$ 10,926	\$ 1,372	\$ 3,036
Site improvements	531	696	7,396
Building and improvements	1,913	7,168	10,387
In-place leases	1,648	2,346	4,113
Above-market leases	11	—	89
Below-market leases	(175)	(10)	(447)
Net assets acquired	<u>\$ 14,854</u>	<u>\$ 11,572</u>	<u>\$ 24,574</u>

2017 Operating Property Acquisitions

On July 25, 2017, the Company acquired an outparcel phase of Wendover Village in Greensboro, North Carolina for a contract price of \$14.3 million plus capitalized acquisition costs of \$0.1 million. The following table summarizes the purchase price allocation, including acquisition costs, for this property (in thousands):

Land	\$ 5,550
Site improvements	232
Building and improvements	6,977
In-place leases	1,382
Above-market leases	327
Below-market leases	(50)
Net assets acquired	<u>\$ 14,418</u>

2016 Operating Property Acquisitions

On January 14, 2016, the Company completed the acquisition of an 11-property retail portfolio totaling 1.1 million square feet for \$170.5 million.

On April 29, 2016, the Company completed the acquisition of Southgate Square, a 220,000 square foot retail center located in Colonial Heights, Virginia, for aggregate consideration of \$39.5 million, comprised of the assumption of \$21.1 million in debt (which approximated fair value as of the closing date) and 1,575,185 Class A Units.

As part of the Southgate Square purchase agreement, the Company acquired an option to purchase an adjacent undeveloped land parcel from the seller. The option for the land parcel was valid for an initial period of two years and was extended for one additional year. The purchase price would be determined by applying a mutually agreed upon capitalization rate to the base rent of tenants provided by the seller and approved by the Company. On October 12, 2018, the Company entered into a development agreement with the seller to purchase the adjacent parcel and develop the parcel for a build-to-suite retail tenant for consideration of \$5.3 million.

On August 4, 2016, the Company completed the acquisition of Southshore Shops, a 40,000 square foot retail center located in Midlothian, Virginia, for aggregate consideration of \$9.3 million, comprised of \$6.7 million in cash and 189,160 Class A Units.

On October 13, 2016, the Company completed the acquisition of Columbus Village II, a 92,000 square foot retail and entertainment center located in Virginia Beach, Virginia for aggregate consideration of 2,000,000 shares of the Company's common stock, which, based on the closing stock price on the date of the acquisition, led to an acquisition price of \$26.2 million, excluding capitalized acquisition costs.

On November 17, 2016, the Company completed the acquisition of Renaissance Square, an 80,000 square foot retail center located in Davidson, North Carolina, for \$17.1 million, excluding capitalized acquisition costs.

The following table summarizes the purchase price allocation (including acquisition costs for Columbus Village II and Renaissance Square) of the assets acquired and liabilities assumed during the year ended December 31, 2016 (in thousands):

	Retail Portfolio	Southgate Square	Southshore Shops	Columbus Village II	Renaissance Square	Total
Land	\$ 66,260	\$ 8,890	\$ 1,770	\$ 14,536	\$ 6,730	\$ 98,186
Site improvements	3,870	2,140	490	939	303	7,742
Building and improvements	88,820	23,810	6,019	9,983	8,137	136,769
In-place leases	20,630	5,990	1,140	2,225	2,008	31,993
Above-market leases	1,960	100	120	—	70	2,250
Below-market leases	(11,040)	(1,400)	(190)	(939)	(10)	(13,579)
Net assets acquired	<u>\$ 170,500</u>	<u>\$ 39,530</u>	<u>\$ 9,349</u>	<u>\$ 26,744</u>	<u>\$ 17,238</u>	<u>\$ 263,361</u>

Subsequent to December 31, 2018

On February 6, 2019, the Company acquired an additional outparcel phase of Wendover Village in Greensboro, North Carolina for a contract price of \$2.7 million.

Other 2018 Real Estate Transactions

On November 30, 2017, the Company entered into a lease agreement with Bottling Group, LLC for a new distribution facility that the Company developed and constructed. On January 29, 2018, the Company acquired undeveloped land in Chesterfield, Virginia, a portion of which serves as the site for this facility, for a contract price of \$2.4 million plus capitalized acquisition costs of \$0.1 million. On December 20, 2018, the Company sold the completed facility for \$25.9 million, resulting in a gain of \$3.4 million.

On January 18, 2018, the Company entered into an operating agreement with a partner to develop a Lowes Foods-anchored shopping center in Mount Pleasant, South Carolina. The Company has a 70% ownership interest in the partnership. The partnership, Market at Mill Creek Partners, LLC, acquired undeveloped land on February 16, 2018 for a contract price of \$2.9 million plus capitalized acquisition costs of \$0.1 million. The Company is responsible for funding the equity requirements of this development. As of December 31, 2018, the book value of the Company's investment in the project totaled \$21.1 million. Management has concluded that this entity is a VIE as it lacks sufficient equity to fund its operations without additional financial support. The Company is the developer of the shopping center and has the power to direct the activities of the project that most significantly impact its performance and is the party most closely associated with the project. Therefore, the Company is the project's primary beneficiary and consolidates the project in its consolidated financial statements.

On April 2, 2018, the Company acquired undeveloped land in Newport News, Virginia for less than \$0.1 million. This land parcel is being used in the development of the Brooks Crossing Office property.

On May 24, 2018, the Company completed the sale of the Wawa outparcel at Indian Lakes Crossing for a contract price of \$4.4 million. There was no gain or loss on the disposition.

On July 2, 2018, the Company executed a ground lease for the site of a new mixed-use development project at Wills Wharf, a site in the Harbor Point area of Baltimore, Maryland. The lease has an initial term of five years and includes ten extension options of seven years each.

On December 31, 2018, the Company sold the leasehold interest in the building previously leased by Home Depot at Broad Creek Shopping Center for \$2.4 million, resulting in a gain on sale of \$0.8 million.

Other 2017 Real Estate Transactions

On January 4, 2017, the Company acquired undeveloped land in Charleston, South Carolina for a contract price of \$7.1 million plus capitalized acquisition costs of \$0.2 million. The Company is using the land for the development of the Hoffler Place property.

On January 20, 2017, the Company completed the sale of the Wawa outparcel at Greentree Shopping Center. Net proceeds after transaction costs were \$4.4 million. The gain on the disposition was \$3.4 million.

On July 11, 2017, the Company acquired undeveloped land in Charleston, South Carolina for a contract price of \$7.2 million plus capitalized acquisition costs of \$0.1 million. The Company is using the land for the development of the Summit Place property.

On July 13, 2017, the Company completed the sale of two office properties leased by the Commonwealth of Virginia in Chesapeake, Virginia and Virginia Beach, Virginia. Aggregate net proceeds from the dispositions of the properties after transaction costs and repayment of the loan associated with the Chesapeake, Virginia property were \$7.9 million, and the aggregate gain on the dispositions was \$4.2 million.

On August 10, 2017, the Company completed the sale of a land outparcel at Sandbridge Commons. Net proceeds after transaction costs and a partial loan payoff were \$0.3 million. The gain on the disposition was \$0.5 million.

Other 2016 Real Estate Transactions

On January 7, 2016, the Company completed the sale of a building constructed for the Economic Development Authority of Newport News, Virginia. Net proceeds after transaction costs were \$6.6 million. The gain on the disposition was \$0.4 million.

On January 8, 2016, the Company completed the sale of the Richmond Tower office building for \$78.0 million. Net proceeds after transaction costs were \$77.0 million. The gain on the disposition of Richmond Tower was \$26.2 million.

On June 20, 2016, the Company completed the sale of the Willowbrook Commons property located in Nashville, Tennessee for \$9.2 million. The gain on the sale of the Willowbrook Commons property was less than \$0.1 million.

On July 29, 2016, the Company completed the sale of the Kroger Junction property located in Pasadena, Texas for \$3.7 million. The loss on the sale of the Kroger Junction property was less than \$0.1 million.

On August 30, 2016, the Company entered into an operating agreement with Southern Apartment Group-Harding, LLC to jointly develop an apartment development project in Charlotte, North Carolina (Greenside). During the year ended December 31, 2016, the Company purchased \$5.7 million of land in conjunction with the project.

On September 15, 2016, the Company completed the sale of the Oyster Point office property for \$6.4 million. Net proceeds after transaction costs and settlement of liabilities were not significant. The gain on the disposition of Oyster Point was \$3.8 million.

On December 22, 2016, the Company completed the sale of land adjacent to the Brooks Crossing development for \$0.4 million. The gain on the disposition of the land was less than \$0.1 million.

Equity Method Investments

City Center

On February 25, 2016, the Company acquired a 37% interest in Durham City Center II, LLC ("City Center") for purposes of developing a 22-story mixed-use tower in Durham, North Carolina. The Company is a minority partner in the joint venture and serves as the project's general contractor, with full ownership of the office and retail portions of the project. During the years ended December 31, 2018 and 2017, the Company invested \$7.3 million and \$11.2 million, respectively, in the City Center project. As of December 31, 2018 and 2017, the Company had invested \$21.3 million and \$10.9 million, respectively, in City Center, and the carrying value of the Company's investment was \$22.2 million and \$11.4 million, respectively. The Company has agreed to guarantee the commercial component of the

construction loan for City Center; however, the loan is collateralized by 100% of the assets of City Center. As of December 31, 2018 and 2017, \$48.9 million and \$29.2 million, respectively, had been drawn against the construction loan, of which \$18.5 million and \$11.2 million, respectively, was attributable to the Company's portion of the loan.

For the year ended December 31, 2018, City Center had operating income of \$0.4 million allocated to the Company. For the years ended December 31, 2017 and 2016, City Center had no operating activity, and therefore the Company received no allocated income.

Based on the terms of City Center's operating agreement, the Company has concluded that City Center is a VIE, and that the Company holds a variable interest. The Company does not have the power to direct the activities of the project that most significantly impact its performance. Accordingly, the Company is not the project's primary beneficiary and, therefore, does not consolidate City Center in its consolidated financial statements.

6. *Notes Receivable*

The Company had the following loans receivable outstanding as of December 31, 2018 and December 31, 2017 (\$ in thousands):

Development Project	Outstanding loan amount		Maximum loan commitment	Interest rate	Interest compounding
	December 31, 2018	December 31, 2017			
1405 Point	\$ 30,238	\$ 22,444	\$ 31,032	8.0%	Monthly
The Residences at Annapolis Junction	36,361	43,021	48,105	10.0%	Monthly
North Decatur Square	18,521	11,790	29,673	15.0%	Annually
Delray Plaza	7,032	5,379	15,000	15.0%	Annually
Nexton Square	14,855	—	21,000	15.0%	Monthly
Interlock Commercial	18,269	—	95,000	15.0%	None
Solis Apartments at Interlock	13,821	—	41,100	13.0%	Annually
Total mezzanine	139,097	82,634	<u>\$ 280,910</u>		
Other notes receivable	1,275	424			
Notes receivable guarantee premium	2,800	—			
Notes receivable discount, net (a)	(4,489)	—			
Total notes receivable	<u>\$ 138,683</u>	<u>\$ 83,058</u>			

(a) Represents the remaining unamortized portion of the \$5.0 million option purchase fee for The Residences at Annapolis Junction paid by the borrower in November 2018.

Interest on the mezzanine loans is accrued and funded utilizing the interest reserves for each loan, which are components of the respective maximum loan commitments, and such accrued interest is added to the loan receivable balances. The Company recognized interest income for the years ended December 31, 2018, 2017, and 2016 as follows (in thousands):

Development Project	Years Ended December 31,		
	2018	2017	2016
1405 Point	\$ 2,080	\$ 1,741	\$ 1,204
The Residences at Annapolis Junction	4,939 (a)	4,132	2,018
North Decatur Square	2,212	1,035	—
Delray Plaza	928	163	—
Nexton Square	235	—	—
Interlock Commercial	202	—	—
Solis Apartments at Interlock	55	—	—
Total mezzanine	10,651	7,071	3,222
Other interest income	78	6	6
Total interest income	<u>\$ 10,729</u>	<u>\$ 7,077</u>	<u>\$ 3,228</u>

(a) Includes amortization of the \$5.0 million option purchase fee paid by the borrower in November 2018.

As of December 31, 2018 and 2017, there was no allowance for loan losses. During the years ended December 31, 2018, 2017, and 2016, there was no provision for loan losses recorded for any of the Company's notes receivable.

1405 Point

On October 15, 2015, the Company entered into a note receivable with a maximum principal balance of \$28.2 million for the 1405 Point project in the Harbor Point area of Baltimore, Maryland (also known as Point Street Apartments). On November 11, 2018, this loan was modified to increase the maximum amount of the loan to \$31.0 million. 1405 Point is a 17-story building comprising 289 residential units and 18,000 square feet of street-level retail space. Beatty Development Group (“BDG”) is the developer of the project and has engaged the Company to serve as construction general contractor. 1405 Point opened during the first quarter of 2018 and is subject to a ground lease from an affiliate of BDG.

BDG secured a senior construction loan of up to \$67.0 million to fund the development and construction of 1405 Point on November 10, 2016. The Company agreed to guarantee \$25.0 million of the senior construction loan in exchange for the option to purchase up to an 88% controlling interest in 1405 Point upon completion of the project as follows: (i) an option to purchase a 79% indirect interest in 1405 Point for \$27.6 million, exercisable within one year from the project's completion (the “First Option”) and (ii) provided that the Company has exercised the First Option, an option to purchase an additional 9% indirect interest in 1405 Point for \$3.1 million, exercisable within 27 months from the project's completion (the “Second Option”). On December 31, 2018, the Second Option was modified to allow the Company to purchase the remaining 21% of the project prior to July 31, 2020 in exchange for increased payments under the ground lease.

The Company currently has a \$2.1 million letter of credit for the guarantee of the senior construction loan.

Interest on the BDG mezzanine loan accrues at 8.0% per annum. The BDG mezzanine loan matures on the earliest of: (i) November 1, 2020, (ii) the maturity date or earlier termination of the senior construction loan, or (iii) the date the Company exercises the First Option as described above.

In the event the Company exercises the First Option, BDG is required to pay down the outstanding BDG mezzanine loan in full, with the difference between the BDG loan and \$28.2 million applied to the senior construction loan. In the event the Company does not exercise either the First Option or the Second Option, the interest rate on the BDG loan will automatically be reduced to the interest rate on the senior construction loan for the remaining term of the BDG loan.

Management has concluded that this entity is a VIE. Because BDG is the developer and operator of 1405 Point, the Company does not have the power to direct the activities of the project that most significantly impact its performance. Therefore, the Company is not the project's primary beneficiary and does not consolidate the project in its consolidated financial statements.

The Residences at Annapolis Junction

On April 21, 2016, the Company entered into a note receivable with a maximum principal balance of \$48.1 million in the Annapolis Junction residential component of the Annapolis Junction Town Center project in Maryland ("Annapolis Junction"). Annapolis Junction is an apartment development project with 416 residential units. It is part of a mixed-use development project that is also planned to have 17,000 square feet of retail space and a 150-room hotel. Annapolis Junction Apartments Owner, LLC ("AJAO") is the developer of the residential component and engaged the Company to serve as construction general contractor for the residential component. Annapolis Junction opened during 2017 and 2018 and is currently in lease-up.

AJAO secured a senior construction loan of up to \$60.0 million to fund the development and construction of Annapolis Junction's residential component on September 30, 2016. The Company agreed to guarantee up to \$25.0 million of the senior construction loan in exchange for the option to purchase up to an 88% controlling interest in Annapolis Junction upon completion of the project as follows: (i) an option to purchase an 80% indirect interest in Annapolis Junction's residential component for 91% of the lesser of the seller's budgeted or actual cost, exercisable within one year from the project's completion (the "First Option") and (ii) provided that the Company exercised the First Option, an option to purchase an additional 8% indirect interest in Annapolis Junction for 9% of the lesser of the seller's actual or budgeted cost, exercisable within 27 months from the project's completion (the "Second Option").

Interest on the AJAO loan accrues at 10.0% per annum. On November 16, 2018, AJAO refinanced the senior construction loan with a one year senior loan of \$83.0 million. This senior loan may be extended for one additional year if certain minimum debt yields and minimum debt service coverage ratios are met by AJAO. The Company has agreed to guarantee \$8.3 million of the senior loan, and the AJAO loan will mature concurrent with the new senior loan. In conjunction with this refinancing, the Company sold the First Option and Second Option to AJAO for a price of \$5.0 million. Additionally, AJAO repaid \$11.1 million of the outstanding mezzanine loan balance, which comprises a \$9.9 million payment of accrued interest and a \$1.2 million payment of principal. The Option sale proceeds of \$5.0 million is being accounted for as a loan discount that will be recognized as interest income over the one year term of the loan using the effective interest method.

Management has concluded that this entity is a VIE. Because AJAO is the developer of Annapolis Junction, the Company does not have the power to direct the activities of the project that most significantly impact its performance. Therefore, the Company is not the project's primary beneficiary and does not consolidate the project in its consolidated financial statements.

North Decatur Square

On May 15, 2017, the Company invested in the development of an estimated \$34.0 million Whole Foods-anchored center located in Decatur, Georgia. The Company's investment is in the form of a mezzanine loan of up to \$21.8 million to the developer, North Decatur Square Holdings, LLC ("NDSH"). Interest on the loan bears interest at a rate of 15.0% per annum. The note matures on the earliest of (i) May 15, 2022, (ii) the maturity of the senior construction loan, (iii) the sale of NDSH, or (iv) the sale of the center. NDSH is current on this loan. During 2018, this loan was modified to increase the maximum amount of the loan to \$29.7 million due to an increase in the square footage of the Whole Foods store.

Management has concluded that this entity is a VIE. Because NDSH is the developer of North Decatur Square, the Company does not have the power to direct the activities of the project that most significantly impact its performance. Therefore, the Company is not the project's primary beneficiary and does not consolidate the project in its consolidated financial statements.

Delray Plaza

On October 27, 2017, the Company invested in the development of an estimated \$20.0 million Whole Foods-anchored center located in Delray Beach, Florida. The Company's investment was in the form of a mezzanine loan of up to \$13.1 million to the developer, Delray Plaza Holdings, LLC ("DPH"). The Company has agreed to guarantee payment of up to \$4.8 million of the senior construction loan. On January 8, 2019, this loan was modified to increase the maximum amount of the loan to \$15.0 million and the payment guarantee amount increased to \$5.2 million. The mezzanine loan bears interest at a rate of 15.0% per annum. The note matures on the earliest of (i) October 27, 2020, (ii) the date of any sale or refinance of the development project, or (iii) the disposition or change in control of the development project.

Management has concluded that this entity is a VIE. Because DPH is the developer of Delray Plaza, the Company does not have the power to direct the activities of the project that most significantly impact its performance. Therefore, the Company is not the project's primary beneficiary and does not consolidate the project in its consolidated financial statements.

Nexton Square

On August 31, 2018, the Company financed a \$2.2 million bridge loan to SC Summerville Brighton, LLC ("Brighton"), the developer of Nexton Square, a shopping center development project located in Summerville, South Carolina. The shopping center may comprise as many as 16 buildings. On November 7, 2018, the Company increased the maximum loan amount to \$4.9 million. This loan was subsequently modified as described below.

On December 4, 2018, the Company entered into a mezzanine loan agreement with Brighton, which provides for a maximum capacity of \$21.0 million. The previous loan was repaid from proceeds of the mezzanine loan. This note bears interest at a rate of 15.0% per annum (which will decrease to 10.0% upon completion of certain portions of the project). The modified note matures on the earliest of (i) December 4, 2020, (ii) the maturity date of the senior construction loan, including any extension options available and exercised under that loan, or (iii) the date of any sale, transfer, or refinancing of the project.

The Company agreed to guarantee 50% of the senior construction loan in exchange for the option to purchase the property upon completion according to a predetermined formula, which is primarily dependent upon Brighton's leasing activities and the extent to which Brighton elects to complete all or a portion of the total planned space, if applicable, in response to leasing activities.

On February 8, 2019, Brighton closed on a senior construction loan with a maximum borrowing capacity of \$25.2 million. Brighton used proceeds from its original draw in part to repay \$2.1 million of the mezzanine loan.

Management has concluded that this entity is a VIE. Because Brighton is the developer of Nexton Square, the Company does not have the power to direct the activities of the project that most significantly impact its performance. Therefore, the Company is not the project's primary beneficiary and does not consolidate the project in its consolidated financial statements.

Interlock Commercial

In October 2018, the Company financed a bridge loan with a maximum commitment of \$4.0 million to The Interlock, LLC ("Interlock"), the developer of the office and retail components of The Interlock, a new mixed-use public-private partnership with Georgia Tech in West Midtown Atlanta. This loan was subsequently modified as described below.

On December 21, 2018, the Company entered into a mezzanine loan agreement with Interlock for a maximum principal amount of \$67.0 million and a total maximum commitment, including accrued interest reserves, of \$95.0 million. The previous loan was repaid from proceeds of the mezzanine loan. The mezzanine loan bears interest at a rate of 15.0% per annum and matures at the earlier of (i) 24 months after the original maturity date or earlier termination date of the senior construction loan or (ii) any sale, transfer, or refinancing of the project. In the event that the maturity date is established as being 24 months after the original maturity date or earlier termination date of the senior construction loan, Interlock will have the right to extend the maturity date for 5 years.

The Company has agreed to guarantee payment of 35% of the senior construction loan. Interlock had not yet obtained a senior construction loan as of December 31, 2018. See Note 18 for additional discussion.

Management has concluded that this entity is a VIE. Because Interlock is the developer of The Interlock, the Company does not have the power to direct the activities of the project that most significantly impact its performance. Therefore, the Company is not the project's primary beneficiary and does not consolidate the project in its consolidated financial statements.

Solis Apartments at Interlock

On December 21, 2018, the Company entered into a mezzanine loan agreement with Interlock Mezz Borrower, LLC ("Solis Interlock"), the developer of Solis Apartments at Interlock, which is the apartment component of The Interlock. The mezzanine loan has a maximum principal commitment of \$25.2 million and a total maximum commitment, including accrued interest reserves, of \$41.1 million. The mezzanine loan bears interest at a rate of 13.0% per annum and matures on the earlier of (a) the later of (i) December 21, 2021 or (ii) the maturity date or earlier termination date of the senior construction loan, including any extensions of the senior construction loan, or (b) the date of any sale of the project or refinance of the loan.

Management has concluded that this entity is a VIE. Because Solis Interlock is the developer of Solis Apartments at Interlock, the Company does not have the power to direct the activities of the project that most significantly impact its performance. Therefore, the Company is not the project's primary beneficiary and does not consolidate the project in its consolidated financial statements.

Guarantee liabilities

As of December 31, 2018, the Company had outstanding payment guarantees for the senior loans on Residences at Annapolis Junction, Delray Plaza, and 1405 Point, as described above. As of December 31, 2018, the Company has recorded a guarantee liability of \$2.8 million, representing their unamortized fair value. These guarantees are classified as other liabilities on the Company's consolidated balance sheets, with a corresponding adjustment to the notes receivable balance on the consolidated balance sheets. See Note 18 for additional information on the Company's outstanding guarantees.

7. Construction Contracts

Construction contract costs and estimated earnings in excess of billings represent reimbursable costs and amounts earned under contracts in progress as of the balance sheet date. Such amounts become billable according to contract terms, which usually consider the passage of time, achievement of certain milestones, or completion of the project. The Company expects to bill and collect substantially all construction contract costs and estimated earnings in excess of billings as of December 31, 2018 during the year ending December 31, 2019.

Billings in excess of construction contract costs and estimated earnings represent billings or collections on contracts made in advance of revenue recognized.

The following table summarizes the changes to the balances in the Company's construction contract costs and estimated earnings in excess of billings account and the billings in excess of construction contract costs and estimated earnings account for the year ended December 31, 2018 (in thousands):

	Construction contract costs and estimated earnings in excess of billings	Billings in excess of construction contract costs and estimated earnings
Balance as of January 1, 2018	\$ 245	\$ 3,591
Revenue recognized that was included in the balance at the beginning of the period	—	(3,591)
Increases due to new billings, excluding amounts recognized as revenue during the period	—	4,243
Transferred to receivables	(245)	—
Construction contract costs and estimated earnings not billed during the period	352	—
Changes due to cumulative catch-up adjustment arising from changes in the estimate of the stage of completion	1,006	(1,206)
Balance as of December 31, 2018	<u>\$ 1,358</u>	<u>\$ 3,037</u>

The Company defers pre-contract costs when such costs are directly associated with specific anticipated contracts and their recovery is probable. Pre-contract costs of \$1.4 million and \$0.6 million were deferred as of December 31, 2018 and 2017, respectively. Amortization of pre-contract costs for the year ended December 31, 2018 totaled less than \$0.1 million.

Construction receivables and payables include retentions—amounts that are generally withheld until the completion of the contract or the satisfaction of certain restrictive conditions such as fulfillment guarantees. As of December 31, 2018 and 2017, construction receivables included retentions of \$8.5 million and \$9.9 million, respectively. The Company expects to collect substantially all construction receivables as of December 31, 2018 during the year ending December 31, 2019. As of December 31, 2018 and 2017, construction payables included retentions of \$21.6 million and \$17.4 million, respectively. The Company expects to pay substantially all construction payables as of December 31, 2018 during the year ending December 31, 2019.

The Company's net position on uncompleted construction contracts comprised the following as of December 31, 2018 and 2017 (in thousands):

	December 31,	
	2018	2017
Costs incurred on uncompleted construction contracts	\$ 594,006	\$ 520,368
Estimated earnings	20,375	18,070
Billings	(616,060)	(541,784)
Net position	<u>\$ (1,679)</u>	<u>\$ (3,346)</u>

	December 31,	
	2018	2017
Construction contract costs and estimated earnings in excess of billings	\$ 1,358	\$ 245
Billings in excess of construction contract costs and estimated earnings	(3,037)	(3,591)
Net position	<u>\$ (1,679)</u>	<u>\$ (3,346)</u>

The Company's balances and changes in construction contract price allocated to unsatisfied performance obligations (backlog) for each of the three years ended December 31, 2018 were as follows (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Beginning backlog	\$ 49,167	\$ 217,718	\$ 83,433
New contracts/change orders	192,852	25,224	293,115
Work performed	(76,156)	(193,775)	(158,830)
Ending backlog	\$ 165,863	\$ 49,167	\$ 217,718

The Company expects to complete a majority of the uncompleted contracts as of December 31, 2018 during the next 12 to 18 months.

8. *Indebtedness*

The Company's indebtedness comprised the following as of December 31, 2018 and 2017 (dollars in thousands):

	Principal Balance		Interest Rate	Maturity Date
	December 31,		December 31,	
	2018	2017	2018	
Secured Debt				
Columbus Village Note 1	\$ —	\$ 6,080	LIBOR + 2.00% (a)	April 5, 2018
Columbus Village Note 2	—	2,218	LIBOR + 2.00%	April 5, 2018
North Point Center Note 1 (b)	9,352	9,571	6.45%	February 5, 2019
Greenside (Harding Place)	25,902	3,874	LIBOR + 2.95%	February 24, 2020
Premier (Town Center Phase VI)	19,214	1,505	LIBOR + 3.50%	June 29, 2020
Hoffler Place (King Street)	11,445	—	LIBOR + 3.24%	January 1, 2021
Summit Place (Meeting Street)	11,057	—	LIBOR + 3.24%	January 1, 2021
Southgate Square	21,442	20,708	LIBOR + 1.60%	April 29, 2021
4525 Main Street (c)	32,034	32,034	3.25%	September 10, 2021
Encore Apartments (c)	24,966	24,966	3.25%	September 10, 2021
Hanbury Village	19,019	19,503	3.78%	August 15, 2022
Socastee Commons	4,671	4,771	4.57%	January 6, 2023
Sandbridge Commons	8,258	8,468	LIBOR + 1.75%	January 17, 2023
249 Central Park Retail (d)	17,045	16,851	LIBOR + 1.60%	August 10, 2023
South Retail (d)	7,483	7,394	LIBOR + 1.60%	August 10, 2023
Fountain Plaza Retail (d)	10,257	10,145	LIBOR + 1.60%	August 10, 2023
Lightfoot Marketplace	10,500	10,500	LIBOR + 1.75% (a)	October 12, 2023
Brooks Crossing Office	6,910	—	LIBOR + 1.60%	July 1, 2025
Market at Mill Creek	7,283	—	LIBOR + 1.55%	July 12, 2025
Johns Hopkins Village	52,708	46,698	LIBOR + 1.25% (a)	August 7, 2025
North Point Center Note 2	2,346	2,459	7.25%	September 15, 2025
Lexington Square	14,940	—	4.50%	September 1, 2028
Smith's Landing	18,985	19,764	4.05%	June 1, 2035
Liberty Apartments	14,437	14,694	5.66%	November 1, 2043
The Cosmopolitan	44,468	45,209	3.35%	July 1, 2051
Total secured debt	\$ 394,722	\$ 307,412		
Unsecured Debt				
Senior unsecured revolving credit facility	126,000	66,000	LIBOR+1.40%-2.00%	October 26, 2021
Senior unsecured term loan	80,000	50,000	LIBOR+1.35%-1.95%	October 26, 2022
Senior unsecured term loan	50,000	50,000	LIBOR+1.35%-1.95% (a)	October 26, 2022
Senior unsecured term loan	50,000	50,000	LIBOR+1.35%-1.95% (a)	October 26, 2022
Total unsecured debt	\$ 306,000	\$ 216,000		
Total principal balances	\$ 700,722	\$ 523,412		
Unamortized fair value adjustments	(1,173)	(1,211)		
Unamortized debt issuance costs	(5,310)	(4,929)		
Indebtedness, net	\$ 694,239	\$ 517,272		

(a) Subject to an interest rate swap agreement.

(b) On January 31, 2019, North Point Note 1 was paid off.

(c) Cross collateralized.

(d) Cross collateralized.

The Company's indebtedness was comprised of the following fixed and variable-rate debt as of December 31, 2018 and 2017 (in thousands):

	December 31,	
	2018	2017
Fixed-rate debt	\$ 348,426	\$ 229,051
Variable-rate debt	352,296	294,361
Total principal balance	<u>\$ 700,722</u>	<u>\$ 523,412</u>

Certain loans require the Company to comply with various financial and other covenants, including the maintenance of minimum debt coverage ratios. As of December 31, 2018, the Company was in compliance with all loan covenants.

Scheduled principal repayments and maturities during each of the next five years and thereafter are as follows (in thousands):

Year	Scheduled Principal Payments	Maturities	Total Payments ⁽¹⁾
2019	\$ 5,593	\$ 9,333	\$ 14,926
2020	6,626	45,116	51,742
2021	5,821	222,744	228,565
2022	4,803	197,109	201,912
2023	11,264	47,244	58,508
Thereafter	71,475	73,594	145,069
Total	<u>\$ 105,582</u>	<u>\$ 595,140</u>	<u>\$ 700,722</u>

(1) On January 31, 2019, North Point Note 1 was paid off; this is the only debt maturity in 2019.

Credit Facility

On October 26, 2017, the Operating Partnership entered into an amended and restated credit agreement (the "credit agreement"), which provides for a \$300.0 million credit facility comprised of a \$150.0 million senior unsecured revolving credit facility (the "revolving credit facility") and a \$150.0 million senior unsecured term loan facility (the "term loan facility" and, together with the revolving credit facility, the "credit facility"), with a syndicate of banks. The amended credit facility replaces the prior \$150.0 million revolving credit facility, which was scheduled to mature on February 20, 2019, and the prior \$125.0 million term loan facility, which was scheduled to mature on February 20, 2021.

The credit facility includes an accordion feature that allows the total commitments to be increased to \$450.0 million, subject to certain conditions, including obtaining commitments from any one or more lenders. The revolving credit facility has a scheduled maturity date of October 26, 2021, with two six-month extension options, subject to certain conditions, including payment of a 0.075% extension fee at each extension. The term loan facility has a scheduled maturity date of October 26, 2022.

On March 28, 2018, the Operating Partnership increased the maximum commitments under the credit facility to \$330.0 million using the accordion feature, with an increase of the term loan facility to \$180.0 million.

The revolving credit facility bears interest at LIBOR (the London Inter-Bank Offered Rate) plus a margin ranging from 1.40% to 2.00%, and the term loan facility bears interest at LIBOR plus a margin ranging from 1.35% to 1.95%, in each case depending on the Company's total leverage. The Company is also obligated to pay an unused commitment fee of 15 or 25 basis points on the unused portions of the commitments under the revolving credit facility, depending on the amount of borrowings under the credit facility. As of December 31, 2018, the interest rates on the revolving credit facility and the term loan facility were 4.05% and 4.00%, respectively. If the Company attains investment grade credit ratings from S&P and Moody's, the Operating Partnership may elect to have borrowings become subject to interest rates based on such credit ratings. The Company may, at any time, voluntarily prepay any loan under the credit facility in whole or in part without premium or penalty.

The Operating Partnership is the borrower under the credit facility, and its obligations under the credit facility are guaranteed by the Company and certain of its subsidiaries that are not otherwise prohibited from providing such guaranty. The credit agreement contains customary representations and warranties and financial and other affirmative and negative covenants. The Company's ability to borrow under the credit facility is subject to ongoing compliance with a number of financial covenants, affirmative covenants, and other restrictions. The credit agreement includes customary events of default, in certain cases subject to customary cure periods. The occurrence of an event of default, if not cured within the applicable cure period, would permit the lenders to, among other things, declare the unpaid principal, accrued and unpaid interest, and all other amounts payable under the credit facility to be immediately due and payable.

The Company is currently in compliance with all covenants under the credit facility.

Other 2018 Financing Activity

On January 22, 2018, the Company extended and modified the Sandbridge Commons note. The note bears interest at a rate of LIBOR plus a spread of 1.75% and will mature on January 17, 2023.

On March 27, 2018, the Company paid off Columbus Village Note 1 and Columbus Village Note 2 in full for an aggregate amount of \$8.3 million.

On May 31, 2018, the Company modified the Southgate Square note. The principal amount of the note was increased to \$22.0 million, and the note now bears interest at a rate of LIBOR plus a spread of 1.60%. This note will still mature on April 29, 2021.

On June 1, 2018, the Company entered into a \$16.3 million construction loan for the River City industrial facility in Chesterfield, Virginia. The loan bore interest at a rate of LIBOR plus a spread of 1.50%. On December 20, 2018, the Company sold the completed facility and paid the loan in full.

On June 14, 2018, the Company extended and modified the note secured by 249 Central Park Retail, Fountain Plaza Retail, and South Retail. The principal amount of the note was increased to \$35.0 million. The note bears interest at a rate of LIBOR plus a spread of 1.60% and will mature on August 10, 2023.

On June 29, 2018, the Company entered into a \$15.6 million construction loan for the Brooks Crossing Office development project. The loan bears interest at a rate of LIBOR plus a spread of 1.60% and will mature on July 1, 2025.

On July 12, 2018, the Company entered into a \$16.2 million construction loan for the Market at Mill Creek development project in Mt. Pleasant, South Carolina. The loan bears interest at a rate of LIBOR plus a spread of 1.55% and will mature on July 12, 2025.

On July 27, 2018, the Company paid off the Johns Hopkins Village note and entered into a new loan. The principal amount of the new loan is \$53.0 million. The loan bears interest at a rate of LIBOR plus a spread of 1.25% and will mature on August 7, 2025. The Company simultaneously entered into an interest rate swap agreement that effectively fixes the interest rate at 4.19% for the term of the loan.

On August 28, 2018, the Company entered into a \$15.0 million note secured by the newly acquired Lexington Square shopping center. The note bears interest at a rate of 4.50% and will mature on September 1, 2028.

On October 12, 2018, the Company extended and modified the note secured by Lightfoot Marketplace. Under the modified note, the Company may borrow up to \$17.9 million. The Company has borrowed an initial tranche of \$10.5 million on this note, which bears interest at a rate of LIBOR plus a spread of 1.75% until stabilization of the property, whereupon the spread will be reduced to 1.60%. The note matures on October 12, 2023. The Company simultaneously entered into an interest rate swap agreement that effectively fixes the interest rate of this initial tranche at 4.77% per annum until stabilization and 4.62% per annum thereafter.

During the year ended December 31, 2018, the Company borrowed \$86.9 million under its existing construction loans to fund new development and construction and repaid \$10.5 million in conjunction with the sale of the River City industrial facility.

Subsequent to December 31, 2018

On January 31, 2019, the Company increased the maximum commitments under the credit facility to \$355.0 million using the accordion feature, with an increase of the term loan facility to \$205.0 million.

On January 31, 2019, the Company paid off North Point Center Note 1.

Borrowings under the revolving credit facility were \$123.0 million on February 26, 2019.

Other 2017 Financing Activity

On February 1, 2017, the Company paid off the North Point Center Note 5 in full for \$0.6 million.

On February 24, 2017, the Company secured a \$29.8 million construction loan for the Harding Place project in Charlotte, North Carolina.

On April 7, 2017, the Company paid off the Harrisonburg Regal note in full for \$3.2 million.

On April 19, 2017, the Company entered into a second amendment to the credit agreement for the Lightfoot Marketplace loan, which amended certain definitions and covenant requirements.

On June 29, 2017, the Company secured a \$27.9 million construction loan for the Town Center Phase VI project in Virginia Beach, Virginia.

On July 13, 2017, the Company paid off the remaining balance of \$4.9 million for the note secured by the Commonwealth of Virginia building in Chesapeake, Virginia in conjunction with the sale of this property.

On August 9, 2017, the Company refinanced the Hanbury Village note. The new note matures in August 2022 and has a fixed annual interest rate of 3.78%.

On August 10, 2017, the Company paid off \$0.7 million of the Sandbridge Commons note in conjunction with the sale of a land outparcel at this property.

On September 1, 2017, the Company entered into a modification of The Cosmopolitan note, which reduced the interest rate from 3.75% to 3.35%.

On October 13, 2017, the Company paid down \$5.0 million of the Liberty Apartments note.

On November 1, 2017, the Company extended the Lightfoot construction loan after paying the balance down to \$10.5 million and paying an extension fee.

On December 28, 2017, the Company secured a \$66.5 million construction loan for the 595 King Street and 530 Meeting Street development projects.

During the year ended December 31, 2017, the Company borrowed \$8.9 million under its construction loans to fund new development and construction.

Other 2016 Financing Activity

On August 8, 2016, the Company repaid the existing \$15.1 million mortgage loan secured by 249 Central Park Retail, the \$6.7 million mortgage loan on South Retail, and the \$7.6 million mortgage loan on Fountain Plaza and refinanced them with a \$35.0 million five-year term mortgage loan that bears interest at LIBOR plus 1.95% and matures on August 8, 2021. The new mortgage loan is collateralized by all three properties. The loss on extinguishment of debt recognized on the refinancing was less than \$0.1 million.

On August 30, 2016, the Company repaid the existing \$31.6 million construction loan secured by 4525 Main Street and the \$25.2 million construction loan on Encore Apartments and refinanced them with a \$57.0 million five-year term mortgage loan that bears interest at 3.25% and matures on September 10, 2021. The new mortgage is

collateralized by both properties. The loss on extinguishment of debt recognized on the refinancing was less than \$0.1 million for the year ended December 31, 2016.

During the year ended December 31, 2016, the Company borrowed \$44.4 million under its construction loans to fund new development and construction.

9. *Derivative Financial Instruments*

During the three years ended December 31, 2018, the Company had the following LIBOR interest rate caps (\$ in thousands):

Origination Date	Expiration Date	Notional Amount	Strike Rate	Premium Paid
10/26/2015	10/15/2017	\$ 75,000	1.25%	\$ 137
2/25/2016	3/1/2018	75,000	1.50%	57
6/17/2016	6/17/2018	70,000	1.00%	150
2/7/2017	3/1/2019	50,000	1.50%	187
6/23/2017	7/1/2019	50,000	1.50%	154
9/18/2017	10/1/2019	50,000	1.50%	199
7/28/2017	12/1/2019	50,000	1.50%	359
3/7/2018	4/1/2020	50,000	2.25%	310
7/16/2018	8/1/2020	50,000	2.50%	319
12/11/2018	1/1/2021	50,000	2.75%	210

On February 20, 2015, the Operating Partnership entered into a \$50.0 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$50.0 million interest rate swap has a fixed rate of 2.00%, an effective date of March 1, 2016 and a maturity date of February 20, 2020. The Operating Partnership entered into this interest rate swap agreement in connection with a \$50.0 million term loan under the senior unsecured term loan facility that bears interest at LIBOR plus 1.35% to 1.95%, depending on the Operating Partnership's total leverage. The Company designated this interest rate swap as a cash flow hedge of variable interest payments based on one-month LIBOR.

On July 13, 2015, the Operating Partnership entered into a \$6.5 million floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments. The \$6.5 million interest rate swap had a fixed rate of 3.05%, an effective date of July 13, 2015 and a maturity date of April 5, 2018. The Company designated this interest rate swap as a cash flow hedge of variable interest payments based on one-month LIBOR.

On April 23, 2018, the Operating Partnership entered into a floating-to-fixed interest rate swap attributable to one-month LIBOR indexed interest payments with a notional amount of \$50.0 million. The interest rate swap has a fixed rate of 2.783%, an effective date of May 1, 2018, and a maturity date of May 1, 2023.

On July 27, 2018, the Company entered into a LIBOR interest rate swap agreement that effectively fixes the interest rate of the new Johns Hopkins Village note payable at 4.19% per annum with a maturity date of August 7, 2025. The Company has designated the interest rate swap as a cash flow hedge for accounting purposes.

On October 12, 2018, the Company entered into a LIBOR interest rate swap agreement that effectively fixes the interest rate of the initial \$10.5 million tranche of the new Lightfoot Marketplace note payable at 4.77% per annum until stabilization and 4.62% per annum thereafter. The swap matures on October 12, 2023. The Company has designated the interest rate swap as a cash flow hedge for accounting purposes.

During the year ended December 31, 2018, unrealized losses of \$1.9 million were recorded to other comprehensive loss, and \$0.2 million of realized losses were reclassified out of accumulated other comprehensive loss to interest expense due to payments made to swap counterparties during the year ended December 31, 2018 for interest rate swaps designated as cash flow hedges. During the next 12 months, the Company anticipates reclassifying approximately \$0.3 million of net hedging losses from accumulated other comprehensive loss into earnings to offset the variability of the hedged items during this period.

The Company's derivatives comprised the following as of December 31, 2018 and 2017 (in thousands):

	December 31,					
	2018			2017		
	Fair Value			Fair Value		
	Notional Amount	Asset	Liability	Notional Amount	Asset	Liability
Derivatives not designated as accounting hedges						
Interest rate swaps	\$100,000	\$ 303	\$ (749)	\$ 56,079	\$ 10	\$ (69)
Interest rate caps	350,000	1,790	—	345,000	1,515	—
Total derivatives not designated as accounting hedges	450,000	2,093	(749)	401,079	1,525	(69)
Interest rate swaps designated as accounting hedge	63,208	—	(1,725)	—	—	—
Total derivatives	<u>\$513,208</u>	<u>\$ 2,093</u>	<u>\$ (2,474)</u>	<u>\$401,079</u>	<u>\$ 1,525</u>	<u>\$ (69)</u>

The changes in the fair value of the Company's derivatives during the years ended December 31, 2018, 2017, and 2016 was as follows (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Interest rate swaps	\$ (2,281)	\$ 770	\$ (795)
Interest rate caps	(564)	357	(146)
Total change in fair value of interest rate derivatives	<u>\$ (2,845)</u>	<u>\$ 1,127</u>	<u>\$ (941)</u>
Comprehensive income statement presentation:			
Change in fair value of interest rate derivatives	\$ (951)	\$ 1,127	\$ (941)
Unrealized cash flow hedge losses	(1,894)	—	—
Total	<u>\$ (2,845)</u>	<u>\$ 1,127</u>	<u>\$ (941)</u>

Effective March 31, 2016, the Company determined that the short-cut method of hedge accounting was not appropriate for two of its interest-rate swaps and, for accounting purposes, the hedge relationship was terminated. The swaps were entered into in February and July 2015. Accordingly, changes in fair value of the swap should have been recorded in income rather than other comprehensive income. The Company determined that the errors were immaterial to all previously issued financial statements. The Company recognized \$0.7 million of accumulated other comprehensive income and \$0.4 million, which was previously allocated to noncontrolling interest as of December 31, 2015, in earnings during the first quarter of 2016. Subsequent changes in the value of the interest rate swap for the period from January 1, 2016 to December 31, 2018 were also recognized in earnings during the years ended December 31, 2018 and 2017.

The Company has not designated any of its interest rate caps as hedging instruments for accounting purposes.

10. Equity

Stockholders' Equity

As of December 31, 2018 and 2017, the Company's authorized capital was 500 million shares of common stock and 100 million shares of preferred stock. The Company had 50.0 million and 44.9 million shares of common stock issued and outstanding as of December 31, 2018 and 2017, respectively. No shares of preferred stock were issued and outstanding as of December 31, 2018 and 2017.

On May 5, 2015, the Company commenced an at-the-market continuous equity program through which the Company was able to, from time to time, issue and sell shares of its common stock having an aggregate offering price of up to \$50.0 million (the "2015 ATM Program"). During the year ended December 31, 2016, the Company issued and sold 1,152,919 shares of common stock at a weighted average price of \$10.87 per share, resulting in net proceeds to the Company after offering costs and commissions of \$12.2 million.

On May 4, 2016, the Company commenced a new at-the-market continuous equity offering program (the "2016 ATM Program") through which the Company was able to, from time to time, issue and sell shares of its common stock having an aggregate offering price of up to \$75.0 million. Upon commencing the 2016 ATM Program, the Company simultaneously terminated the 2015 ATM Program. During the years ended December 31, 2017 and 2016, the Company issued and sold 450,890 and 4,159,936 shares of common stock at a weighted average price of \$14.08 and \$13.45 per share under the 2016 ATM Program, receiving net proceeds after offering costs and commissions of \$6.2 million and \$54.8 million, respectively.

On February 26, 2018, the Company commenced a new at-the-market continuous equity offering program (the "2018 ATM Program") through which the Company is able to, from time to time, issue and sell shares of its common stock having an aggregate offering price of up to \$125.0 million. Upon commencing the 2018 ATM Program, the Company simultaneously terminated the 2016 ATM Program. During the year ended December 31, 2018, the Company issued and sold 4,617,409 shares of common stock at a weighted average price of \$14.39 per share under the 2018 ATM Program, receiving net proceeds after offering costs and commissions of \$65.2 million.

On October 13, 2016, the Company completed the acquisition of Columbus Village II, a stabilized retail asset for aggregate consideration of 2,000,000 shares of common stock, which based on the closing stock price on the date of the acquisition, resulting in an acquisition price of \$26.2 million. On October 19, 2016, the Company filed a registration statement covering resales of the shares pursuant to a registration rights agreement with the sellers.

On May 12, 2017, the Company completed an underwritten public offering of 6,900,000 shares of common stock at a public offering price of \$13.00 per share, which resulted in net proceeds after offering costs and commissions of \$85.3 million.

Redeemable Noncontrolling Interests

The former noncontrolling interest holder of Johns Hopkins Village had an option to redeem the 20% noncontrolling interest in that entity. The noncontrolling interest of \$2.0 million was included in temporary equity. On December 21, 2017, the Company redeemed the noncontrolling interest for a cash payment of \$2.0 million and contingent future consideration of \$0.5 million to be paid in Class A Units of the Operating Partnership upon the satisfaction of certain conditions. On April 17, 2018, the Operating Partnership issued 36,684 Class A Units valued at \$13.77 per unit due to the satisfaction of these conditions.

Noncontrolling Interests

As of December 31, 2018 and 2017, the Company held a 74.5% and 72.0% interest in the Operating Partnership, respectively. The Company is the primary beneficiary of the Operating Partnership as it has the power to direct the activities of the Operating Partnership and the rights to absorb 74.5% of the net income of the Operating Partnership. As the primary beneficiary, the Company consolidates the financial position and results of operations of the Operating Partnership. Noncontrolling interests in the Company represent units of limited partnership interest in the Operating Partnership not held by the Company. As of December 31, 2018, there were 17,110,404 Class A Units not held by the Company. The Company's financial position and results of operations are the same as those of the Operating Partnership.

The noncontrolling interest for the consolidated entities under development or construction (see Note 1) was zero as of December 31, 2018 and 2017.

As partial consideration for Columbus Village, the Operating Partnership issued 1,000,000 class B units of limited partnership interest in the Operating Partnership ("Class B Units") on July 10, 2015 and issued 275,000 class C units of limited partnership interest in the Operating Partnership ("Class C Units") on January 10, 2017. The Class B Units were automatically converted to Class A Units on July 10, 2017. The Class C Units were automatically converted to Class A Units on January 10, 2018.

On January 10, 2017, the Operating Partnership issued 68,691 Class A Units to acquire the remaining 20% interest in the Town Center Phase VI project.

On October 2, 2017, due to the request of holders of Class A Units to tender an aggregate 358,879 Class A Units for redemption by the Operating Partnership, the Company elected to satisfy the redemption requests with an aggregate cash payment of \$4.9 million.

On January 2, 2018, due to the holders of Class A Units tendering an aggregate of 163,000 Class A Units for redemption by the Operating Partnership, the Company elected to satisfy the redemption request through the issuance of an equal number of shares of common stock.

As partial consideration for the acquisition of Parkway Centre, the Operating Partnership issued 117,228 Class A Units on January 29, 2018.

On April 2, 2018, due to the holders of Class A Units tendering an aggregate of 187,142 Class A Units for redemption by the Operating Partnership, the Company elected to satisfy the redemption request with an aggregate cash payment of \$2.5 million.

On April 17, 2018, the Operating Partnership issued 36,684 Class A Units to the former noncontrolling interest holder of John Hopkins Village due to the satisfaction of a contingent event that was part of the redemption of its redeemable noncontrolling interest in Johns Hopkins Village in December 2017.

On July 2, 2018, due to the holders of Class A Units tendering an aggregate of 123,504 Class A Units for redemption by the Operating Partnership, the Company elected to satisfy the redemption requests through the issuance of an equal number of shares of common stock.

On October 1, 2018, due to the holders of Class A Units tendering an aggregate of 56,495 Class A Units for redemption by the Operating Partnership, the Company elected to satisfy the redemption requests through the issuance of 52,200 shares of common stock and a cash payment of \$0.1 million.

Holders of OP Units may not transfer their units without the Company's prior consent as general partner of the Operating Partnership. Subject to the satisfaction of certain conditions, holders of Class A Units may tender their units for redemption by the Operating Partnership in exchange for cash equal to the market price of shares of the Company's common stock at the time of redemption or, at the Company's option and sole discretion, for unregistered or registered shares of common stock on a one-for-one basis. Accordingly, the Company presents OP Units of the Operating Partnership not held by the Company as noncontrolling interests within equity in the consolidated balance sheets.

Common Stock Dividends and Class A Unit Distributions

During the years ended December 31, 2018, 2017, and 2016, the Company declared dividends per share and distributions per unit of \$0.80, \$0.76, and \$0.72, respectively. During the years ended December 31, 2018, 2017, and 2016, the Company paid cash dividends totaling \$38.7 million, \$31.1 million, and \$22.7 million, respectively, to common stockholders, and the Operating Partnership paid cash distributions totaling \$13.8 million, \$12.6 million, and \$11.1 million, respectively to holders of Class A Units.

The tax treatment of dividends paid to common stockholders during the years ended December 31, 2018, 2017, and 2016 was as follows (unaudited):

	Years ended December 31,		
	2018	2017	2016
Capital gains	9.49%	9.06%	—%
Ordinary income	63.40%	71.59%	78%
Return of capital	27.11%	19.35%	22%
Total	100.00%	100.00%	100%

Subsequent to December 31, 2018

On January 2, 2019, due to the holders of Class A Units tendering an aggregate of 118,471 Class A Units for redemption by the Operating Partnership, the Company elected to satisfy the redemption requests through the issuance of an equal number of shares of common stock.

On January 3, 2019, the Company paid cash dividends of \$10.0 million to common stockholders and the Operating Partnership paid cash distributions of \$3.4 million to holders of Class A Units. These dividends and distributions were declared and accrued as of December 31, 2018.

11. *Stock-Based Compensation*

The Company's Amended and Restated 2013 Equity Incentive Plan (the "Equity Plan") permits the grant of restricted stock awards, stock options, stock appreciation rights, performance units, and other equity-based awards up to an aggregate of 1,700,000 shares of common stock. As of December 31, 2018, the Company had 963,983 shares of common stock reserved for issuance under the Equity Plan.

During the years ended December 31, 2018, 2017, and 2016, the Company granted an aggregate of 164,241, 118,361 and 121,243 shares of restricted stock to employees and nonemployee directors, respectively. The grant date fair value of the restricted stock awards granted during the years ended December 31, 2018, 2017, and 2016 was \$2.2 million, \$1.7 million and \$1.4 million, respectively. Employee restricted stock awards generally vest over a period of two years: one-third immediately on the grant date and the remaining two-thirds in equal amounts on the first two anniversaries following the grant date, subject to continued service to the Company. Nonemployee director restricted stock awards vest either immediately upon grant or over a period of one year, subject to continued service to the Company. Unvested restricted stock awards are entitled to receive dividends from their grant date.

During the years ended December 31, 2018, 2017, and 2016, the Company recognized \$2.0 million, \$1.5 million and \$1.2 million of stock-based compensation, respectively. As of December 31, 2018, the total unrecognized compensation cost related to nonvested restricted shares was \$0.6 million, substantially all of which the Company expects to recognize over the next 15 months.

The following table summarizes the changes in the Company's nonvested restricted stock awards during the year ended December 31, 2018:

	Restricted Stock Awards	Weighted Average Grant Date Fair Value Per Share
Nonvested as of January 1, 2018	112,789	\$ 13.14
Granted	164,241	13.66
Vested	(137,431)	13.22
Forfeited	(14,370)	13.55
Nonvested as of December 31, 2018	<u>125,229</u>	<u>\$ 13.68</u>

Restricted stock awards granted and vested during the year ended December 31, 2018 include 30,016 shares tendered by employees to satisfy minimum statutory tax withholding obligations.

12. *Fair Value of Financial Instruments*

Fair value measurements are based on assumptions that market participants would use in pricing an asset or a liability. The hierarchy for inputs used in measuring fair value is as follows:

Level 1 Inputs—quoted prices in active markets for identical assets or liabilities

Level 2 Inputs—observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3 Inputs—unobservable inputs

Except as disclosed below, the carrying amounts of the Company's financial instruments approximate their fair values. Financial assets and liabilities whose fair values are measured on a recurring basis using Level 2 inputs consist of interest rate swaps and caps. The Company measures the fair values of these assets and liabilities based on prices provided by independent market participants that are based on observable inputs using market-based valuation techniques.

Financial assets and liabilities whose fair values are not measured at fair value but for which the fair value is disclosed include the Company's notes receivable and indebtedness. The fair value is estimated by discounting the future cash flows of each instrument at estimated market rates consistent with the maturity, credit characteristics, and other terms of the arrangements, which are Level 3 inputs under the fair value hierarchy.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. For disclosure purposes, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Considerable judgment is used to estimate the fair value of financial instruments. The estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments.

The carrying amounts and fair values of the Company's financial instruments as of December 31, 2018 and 2017 were as follows (in thousands):

	December 31,			
	2018		2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Indebtedness, net	\$ 694,239	\$ 688,437	\$ 517,272	\$ 518,417
Notes receivable	138,683	138,683	83,058	83,058
Interest rate swap liabilities	2,474	2,474	69	69
Interest rate swap and cap assets	2,093	2,093	1,525	1,525

13. *Income Taxes*

The income tax benefit (provision) for the years ended December 31, 2018, 2017, and 2016 comprised the following (in thousands):

	Years Ended December 31,		
	2018	2017	2016
Federal income taxes:			
Current	\$ (14)	\$ (516)	\$ (197)
Deferred	37	(131)	(109)
State income taxes:			
Current	(1)	(62)	(24)
Deferred	7	(16)	(13)
Income tax benefit (provision)	<u>\$ 29</u>	<u>\$ (725)</u>	<u>\$ (343)</u>

The legislation commonly known as the Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017. The Tax Act reduced the U.S. federal corporate tax rate from 35% to 21% (including with respect to taxable REIT subsidiaries), resulting in the Company's remeasuring its existing deferred tax balances. In addition, generally beginning in 2018, the Tax Act alters the deductibility of certain items (e.g., interest expense) and allows the cost of certain qualifying capital asset investments to be deducted fully in the year they were purchased, subject to a phase-down of the deduction percentage over time. The provisional amounts recorded in the year ended December 31, 2017 related to the remeasurement of the deferred tax balance was approximately \$0.2 million of tax expense. The Company's accounting for the income tax effects of the Tax Act has been completed, and no further changes to the accounting were made.

As of December 31, 2018 and 2017, the Company had \$0.4 million and \$0.3 million, respectively, of net deferred tax assets representing basis differences in the assets of the TRS and stock-based compensation attributable to the TRS.

Management has evaluated the Company's income tax positions and concluded that the Company has no uncertain income tax positions as of December 31, 2018 and 2017. The Company is generally subject to examination by the applicable taxing authorities for the tax years 2015 through 2018. The Company does not currently have any ongoing tax examinations by taxing authorities.

14. *Other Assets*

Other assets were comprised of the following as of December 31, 2018 and 2017 (in thousands):

	December 31,	
	2018	2017
Acquired lease intangibles, net	\$ 29,182	\$ 29,881
Leasing costs, net	10,881	9,651
Leasing incentives, net	3,592	4,217
Interest rate swaps and caps	2,093	1,515
Prepaid expenses and other	8,165	8,937
Advance deposits on property acquisitions	50	400
Preacquisition development costs	1,214	1,352
Other assets	<u>\$ 55,177</u>	<u>\$ 55,953</u>

15. *Other Liabilities*

Other liabilities were comprised of the following as of December 31, 2018 and 2017 (in thousands):

	December 31,	
	2018	2017
Dividends and distributions payable	\$ 13,527	\$ 11,887
Deferred ground rent payable	9,287	8,732
Acquired lease intangibles, net	12,678	13,829
Prepaid rent and other	6,309	3,171
Security deposits	1,927	1,674
Interest rate swaps	2,475	59
Other liabilities	<u>\$ 46,203</u>	<u>\$ 39,352</u>

16. *Acquired Lease Intangibles*

The following table summarizes the Company's acquired lease intangibles as of December 31, 2018 (in thousands):

	December 31, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
In-place lease assets	\$ 57,689	\$ 32,370	\$ 25,319
Above-market lease assets	4,917	2,676	2,241
Below-market lease liabilities	18,692	6,014	12,678
Below-market ground lease assets	1,920	299	1,621

The following table summarizes the Company's acquired lease intangibles as of December 31, 2017 (in thousands):

	December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
In-place lease assets	\$ 50,506	\$ 25,193	\$ 25,313
Above-market lease assets	4,817	1,923	2,894
Below-market lease liabilities	18,089	4,260	13,829
Below-market ground lease assets	1,920	246	1,674

Amortization of in-place lease assets for the years ended December 31, 2018, 2017, and 2016 was \$7.7 million, \$9.7 million, and \$10.2 million, respectively.

Amortization of above-market lease assets for the years ended December 31, 2018, 2017, and 2016 was \$0.8 million, \$0.8 million, and \$0.9 million, respectively.

Amortization of below-market lease liabilities for the years ended December 31, 2018, 2017, and 2016 was \$1.8 million, \$1.8 million, and \$1.8 million, respectively.

Amortization of below-market ground lease assets for the years ended December 31, 2018, 2017, and 2016 was \$0.1 million, \$0.1 million, and \$0.1 million, respectively.

As of December 31, 2018, the weighted-average remaining lives of in-place lease assets, above-market lease assets, below-market lease liabilities, and below-market ground lease assets were 6.3 years, 5.6 years, 4.5 years, and 30.5 years, respectively. As of December 31, 2018, the weighted-average remaining life of below-market lease renewal options was 13.6 years.

Estimated amortization of acquired lease intangibles for each of the five succeeding years is as follows (in thousands):

Year ending December 31,	Depreciation and Amortization		
	Rental Revenues	Rental Expenses	
2019	\$ 859	\$ 53	\$ 5,967
2020	730	53	4,314
2021	742	53	2,846
2022	725	53	2,218
2023	703	53	1,969

17. Related Party Transactions

The Company provides general contracting and real estate services to certain related party entities that are included in these consolidated financial statements. Revenue from construction contracts with related party entities of the Company was \$1.5 million, \$7.6 million and \$26.7 million for the years ended December 31, 2018, 2017, and 2016, respectively. Gross profits from such contracts were \$0.3 million, \$0.4 million and \$1.0 million for the years ended December 31, 2018, 2017, and 2016, respectively. There were no amounts from related parties of the Company included in construction receivables as of December 31, 2018. As of December 31, 2017, there was \$0.2 million outstanding from related parties of the Company included in construction receivables. Real estate services fees from affiliated entities of the Company were not material for any of the years ended December 31, 2018, 2017, and 2016. In addition, affiliated entities also reimburse the Company for monthly maintenance and facilities management services provided to the properties. Cost reimbursements earned by the Company from affiliated entities were not material for any of the years ended December 31, 2018, 2017, and 2016.

18. Commitments and Contingencies

Legal Proceedings

The Company is from time to time involved in various disputes, lawsuits, warranty claims, environmental and other matters arising in the ordinary course of its business. Management makes assumptions and estimates concerning the likelihood and amount of any potential loss relating to these matters.

The Company currently is a party to various legal proceedings, none of which management expects will have a material adverse effect on the Company's financial position, results of operations, or liquidity. Management accrues a liability for litigation if an unfavorable outcome is determined to be probable and the amount of loss can be reasonably estimated. If an unfavorable outcome is determined by management to be probable and a range of loss can be reasonably estimated, management accrues the best estimate within the range; however, if no amount within the range is a better estimate than any other, the minimum amount within the range is accrued. Legal fees related to litigation are expensed as incurred. Management does not believe that the ultimate outcome of these matters, either individually or in the aggregate, could have a material adverse effect on the Company's financial position or results of operations; however, litigation is subject to inherent uncertainties.

Under the Company's leases, tenants are typically obligated to indemnify the Company from and against all liabilities, costs, and expenses imposed upon or asserted against it as owner of the properties due to certain matters relating to the operation of the properties by the tenant.

Guarantees

In connection with the Company's mezzanine lending activities, the Company has made guarantees to pay portions of certain senior loans of third parties associated with the development projects. The following table summarizes the guarantees made by the Company as of December 31, 2018 (in thousands):

Development project	Payment guarantee amount
1405 Point	\$ 25,000
The Residences at Annapolis Junction	8,300
Delray Plaza	4,750 (a)
Nexton Square	— (b)
Interlock Commercial	— (c)
Solis Apartments at Interlock	— (d)
City Center	18,457 (e)
Total	<u>\$ 56,507</u>

(a) On January 8, 2019, the mezzanine loan and senior construction loan were modified, and the payment guarantee amount increased to \$5.2 million.

(b) As of December 31, 2018, this payment guarantee was not yet effective because the senior construction loan had not yet been executed. On February 8, 2019, the senior construction loan was executed and the \$12.6 million payment guarantee became effective. The Company has also guaranteed completion of the development project to the senior construction lender.

(c) As of December 31, 2018, this \$30.7 million payment guarantee was not yet effective because the senior construction loan had not yet been executed. Once the senior construction loan is executed, the Company will also guarantee completion of the development project to the senior lender. The Company has also guaranteed completion of the development project to Georgia Tech, the ground lessor.

(d) There is no payment guarantee for the senior construction loan on this project. The Company has guaranteed completion of the development project to the senior lender.

(e) Durham City Center is accounted for as an equity method investment.

Commitments

The Company has a bonding line of credit for its general contracting construction business and is contingently liable under performance and payment bonds, bonds for cancellation of mechanics liens, and defect bonds. Such bonds collectively totaled \$34.8 million and \$44.9 million as of December 31, 2018 and 2017, respectively.

The Operating Partnership has entered into standby letters of credit using the available capacity under the credit facility. The letters of credit relate to the guarantee of future performance on certain of the Company's construction contracts. Letters of credit generally are available for draw down in the event the Company does not perform. As of December 31, 2018 and 2017, the Operating Partnership had total outstanding letters of credit of \$2.1 million and \$2.1 million, respectively. The amounts outstanding at December 31, 2018 and 2017 include a \$2.1 million letter of credit related to the guarantee on the Point Street Apartments senior construction loan.

The Company has six ground leases on five properties with initial terms that range from 20 to 65 years and options to extend up to an additional 70 years in certain cases. The Company also leases automobiles and equipment.

Future minimum rental payments for all operating leases during each of the next five years and thereafter are as follows (in thousands):

2019	\$ 2,127
2020	2,291
2021	2,368
2022	2,364
2023	2,403
Thereafter	105,961
Total	<u>\$ 117,514</u>

Ground rent expense for the years ended December 31, 2018, 2017, and 2016 was \$2.4 million, \$2.5 million and \$2.0 million, respectively.

Concentrations of Credit Risk

The majority of the Company's properties are located in Hampton Roads, Virginia. For the years ended December 31, 2018, 2017, and 2016, rental revenues from Hampton Roads properties represented 53%, 53% and 58%, respectively, of the Company's rental revenues. Many of the Company's Hampton Roads properties are located in the Town Center of Virginia Beach. For the years ended December 31, 2018, 2017, and 2016, rental revenues from Town Center properties represented 42%, 38% and 41%, respectively, of the Company's rental revenues.

A group of three construction customers comprised 55%, 41%, and 22% of the Company's general contracting and real estate services revenues for the years ended December 31, 2018, 2017, and 2016, respectively. The same customers represented 28%, 20%, and 19% of the Company's general contracting and real estate services segment gross profit for the years ended December 31, 2018, 2017, and 2016, respectively.

19. Selected Quarterly Financial Data (Unaudited)

The following tables summarize certain selected quarterly financial data for 2018 and 2017 (in thousands, except per share data):

	2018 Quarters			
	First	Second	Third	Fourth
Rental revenues	\$ 28,699	\$ 28,598	\$ 28,930	\$ 30,731
General contracting and real estate services revenues	23,050	20,654	19,950	12,705
Net operating income	20,098	19,908	19,964	21,114
Net income	6,983	5,945	5,669	4,895
Net income attributable to stockholders	5,040	4,319	4,202	3,642
Net income per share: basic and diluted	\$ 0.11	\$ 0.09	\$ 0.09	\$ 0.07

	2017 Quarters			
	First	Second	Third	Fourth
Rental revenues	\$ 27,232	\$ 26,755	\$ 27,096	\$ 27,654
General contracting and real estate services revenues	63,519	56,671	41,201	32,643
Net operating income	20,978	20,645	19,397	19,211
Net income	8,753	4,943	10,461	5,768
Net income attributable to stockholders	5,936	3,471	7,488	4,152
Net income per share: basic and diluted	\$ 0.16	\$ 0.08	\$ 0.17	\$ 0.09

SCHEDULE III—Consolidated Real Estate Investments and Accumulated Depreciation
December 31, 2018

	Encumbrances	Initial Cost		Cost Capitalized Subsequent to Acquisition	Gross Carrying Amount			Accumulated Depreciation	Net Carrying Amount ⁽¹⁾	Year of Construction/ Acquisition
		Building and Improvements			Building and Improvements		Total			
		Land			Land					
Office										
4525 Main Street	\$ 32,034	\$ 982	\$ —	\$ 45,835	\$ 982	\$ 45,835	\$ 46,817	\$ 6,237	\$ 40,580	2014
Armada Hoffer Tower	— ⁽²⁾	1,976	—	60,677	1,976	60,677	62,653	31,816	30,837	2002
Brooks Crossing Office	6,910	475	—	14,078	475	14,078	14,553	—	14,553	2016
One Columbus	— ⁽²⁾	960	10,269	10,606	960	20,875	21,835	11,110	10,725	1984
Two Columbus	— ⁽²⁾	53	—	19,926	53	19,926	19,979	7,911	12,068	2009
Wills Wharf	—	—	—	18,665	—	18,665	18,665	—	18,665	2018
Total office	\$ 38,944	\$ 4,446	\$ 10,269	\$ 169,787	\$ 4,446	\$ 180,056	\$ 184,502	\$ 57,074	\$ 127,428	
Retail										
249 Central Park Retail	\$ 17,045	\$ 712	\$ —	\$ 15,341	\$ 712	\$ 15,341	\$ 16,053	\$ 8,798	\$ 7,255	2004
Alexander Pointe	— ⁽²⁾	4,050	4,880	91	4,050	4,971	9,021	705	8,316	1997/2016
Bermuda Crossroads	— ⁽²⁾	5,450	10,641	1,195	5,450	11,836	17,286	2,555	14,731	2001/2013
Broad Creek Shopping Center	— ⁽²⁾	—	—	8,987	—	8,987	8,987	4,035	4,952	1997-2001
Broadmoor Plaza	— ⁽²⁾	2,410	9,010	843	2,410	9,853	12,263	1,340	10,923	1980/2016
Brooks Crossing Retail	—	117	—	2,328	117	2,328	2,445	155	2,290	2016
Columbus Village	— ⁽²⁾	7,631	10,135	877	7,631	11,012	18,643	2,091	16,552	1980/2015
Columbus Village II	— ⁽²⁾	14,536	10,922	50	14,536	10,972	25,508	939	24,569	1995/2016
Commerce Street Retail	— ⁽²⁾	118	—	3,242	118	3,242	3,360	1,514	1,846	2008
Courthouse 7-Eleven	— ⁽²⁾	1,007	—	1,043	1,007	1,043	2,050	190	1,860	2011
Dick's at Town Center	— ⁽²⁾	67	—	10,585	67	10,585	10,652	4,337	6,315	2002
Dimmock Square	— ⁽²⁾	5,100	13,126	260	5,100	13,386	18,486	1,639	16,847	1998/2014
Fountain Plaza Retail	10,257	425	—	7,206	425	7,206	7,631	3,363	4,268	2004
Gainsborough Square	— ⁽²⁾	2,229	—	7,450	2,229	7,450	9,679	3,422	6,257	1999
Greentree Shopping Center	— ⁽²⁾	1,103	—	4,032	1,103	4,032	5,135	700	4,435	2014
Hanbury Village	19,019	3,793	—	19,464	3,793	19,464	23,257	6,920	16,337	2006
Harper Hill Commons	— ⁽²⁾	2,840	8,510	160	2,840	8,670	11,510	924	10,586	2004/2016
Harrisonburg Regal	—	1,554	—	4,148	1,554	4,148	5,702	2,097	3,605	1999
Indian Lakes Crossing	— ⁽²⁾	7,009	2,274	7	7,009	2,281	9,290	84	9,206	2008/2018
Market at Mill Creek	7,283	2,945	—	16,413	2,945	16,413	19,358	—	19,358	2018
Lexington Square	14,940	3,035	17,786	—	3,035	17,786	20,821	265	20,556	2017/2018
Lightfoot Marketplace	10,500	7,628	—	17,502	7,628	17,502	25,130	1,376	23,754	2016
North Hampton Market	— ⁽²⁾	7,250	10,210	442	7,250	10,652	17,902	1,461	16,441	2004/2016
North Point Center	11,698 ⁽²⁾	1,936	—	25,553	1,936	25,553	27,489	13,527	13,962	1998

Oakland Marketplace	(2)	1,850	3,370	617	1,850	3,987	5,837	744	5,093	2004/2016
Parkway Marketplace	(2)	1,150	—	3,767	1,150	3,767	4,917	1,888	3,029	1998
Parkway Centre	(2)	1,372	7,864	—	1,372	7,864	9,236	234	9,002	2017/2018
Patterson Place	(2)	15,059	20,180	411	15,059	20,591	35,650	2,065	33,585	2004/2016
Perry Hall Marketplace	(2)	3,240	8,316	415	3,240	8,731	11,971	1,212	10,759	2001/2015
Premier Retail	6,219	965	—	10,877	965	10,877	11,842	132	11,710	2018
Providence Plaza	(2)	9,950	12,369	1,072	9,950	13,441	23,391	1,397	21,994	2007/2015
Renaissance Square	(2)	6,730	8,439	155	6,730	8,594	15,324	625	14,699	2008/2016
Sandbridge Commons	8,258	4,825	—	7,294	4,825	7,294	12,119	1,168	10,951	2015
Socastee Commons	4,671	2,320	5,380	134	2,320	5,514	7,834	735	7,099	2000/2015
South Retail	7,483	190	—	7,867	190	7,867	8,057	4,225	3,832	2002
South Square	(2)	14,130	12,670	391	14,130	13,061	27,191	1,450	25,741	1977/2016
Southgate Square	21,442	8,890	25,950	496	8,890	26,446	35,336	2,325	33,011	1991/2016
Southshore Shops	(2)	1,770	6,509	50	1,770	6,559	8,329	496	7,833	2006/2016
Stone House Square	(2)	6,360	16,350	319	6,360	16,669	23,029	2,131	20,898	2008/2015
Studio 56 Retail	(2)	76	—	2,477	76	2,477	2,553	913	1,640	2007
Tyre Neck Harris Teeter	(2)	—	—	3,306	—	3,306	3,306	1,089	2,217	2011
Wendover Village	(2)	18,260	21,700	128	18,260	21,828	40,088	1,813	38,275	2004/2016-2017
Total retail	\$ 138,815	\$ 180,082	\$ 246,591	\$ 186,995	\$ 180,082	\$ 433,586	\$ 613,668	\$ 87,079	\$ 526,589	
Multifamily										
Encore Apartments	\$ 24,966	\$ 1,293	\$ —	\$ 30,258	\$ 1,293	\$ 30,258	\$ 31,551	\$ 4,088	\$ 27,463	2014
Greenside (Harding Place)	25,902	5,711	—	43,782	5,711	43,782	49,493	388	49,105	2014 (3)
Hoffler Place (King Street)	11,445	7,277	—	27,136	7,277	27,136	34,413	—	34,413	— (3)
Johns Hopkins Village	52,708	—	—	69,717	—	69,717	69,717	5,381	64,336	2016
Liberty Apartments	14,437	3,580	23,494	1,581	3,580	25,075	28,655	4,361	24,294	2013/2014
Premier Apartments	12,995	—	—	29,189	—	29,189	29,189	292	28,897	2018
Summit Place (Meeting Street)	11,057	7,265	—	27,722	7,265	27,722	34,987	—	34,987	— (3)
Smith's Landing	18,985	—	35,105	1,962	—	37,067	37,067	6,851	30,216	2009/2013
The Cosmopolitan	44,468	985	—	59,365	985	59,365	60,350	23,261	37,089	2006
Total multifamily	\$ 216,963	\$ 26,111	\$ 58,599	\$ 290,712	\$ 26,111	\$ 349,311	\$ 375,422	\$ 44,622	\$ 330,800	
Held for development	\$ —	\$ 2,994	\$ —	\$ —	\$ 2,994	\$ —	\$ 2,994	\$ —	\$ 2,994	
Real estate investments	\$ 394,722	\$ 213,633	\$ 315,459	\$ 647,494	\$ 213,633	\$ 962,953	\$ 1,176,586	\$ 188,775	\$ 987,811	

(1) The net carrying amount of real estate for federal income tax purposes was \$868.3 million as of December 31, 2018.

(2) Borrowing base collateral for the credit facility as of December 31, 2018.

(3) Construction in progress as of December 31, 2018.

Income producing property is depreciated on a straight-line basis over the following estimated useful lives:

Buildings	39 years
Capital improvements	5—20 years
Equipment	3—7 years
Tenant improvements	Term of the related lease
	(or estimated useful life, if shorter)

	Real Estate Investments	December 31,		Accumulated Depreciation
		2017	2018	
Balance at beginning of the year				
Construction costs and improvements				
Acquisitions				
Dispositions				
Reclassifications				
Depreciation				
Balance at end of the year				

	2018	2017	2018	2017
\$	994,437	\$ 908,287	\$ 164,521	\$ 139,553
	144,926	84,142	—	—
	51,613	12,760	—	—
	(11,420)	(10,146)	(5,559)	(1,006)
	(2,970)	(606)	(582)	—
	—	—	30,395	25,974
\$	1,176,586	\$ 994,437	\$ 188,775	\$ 164,521

CORPORATE

Information

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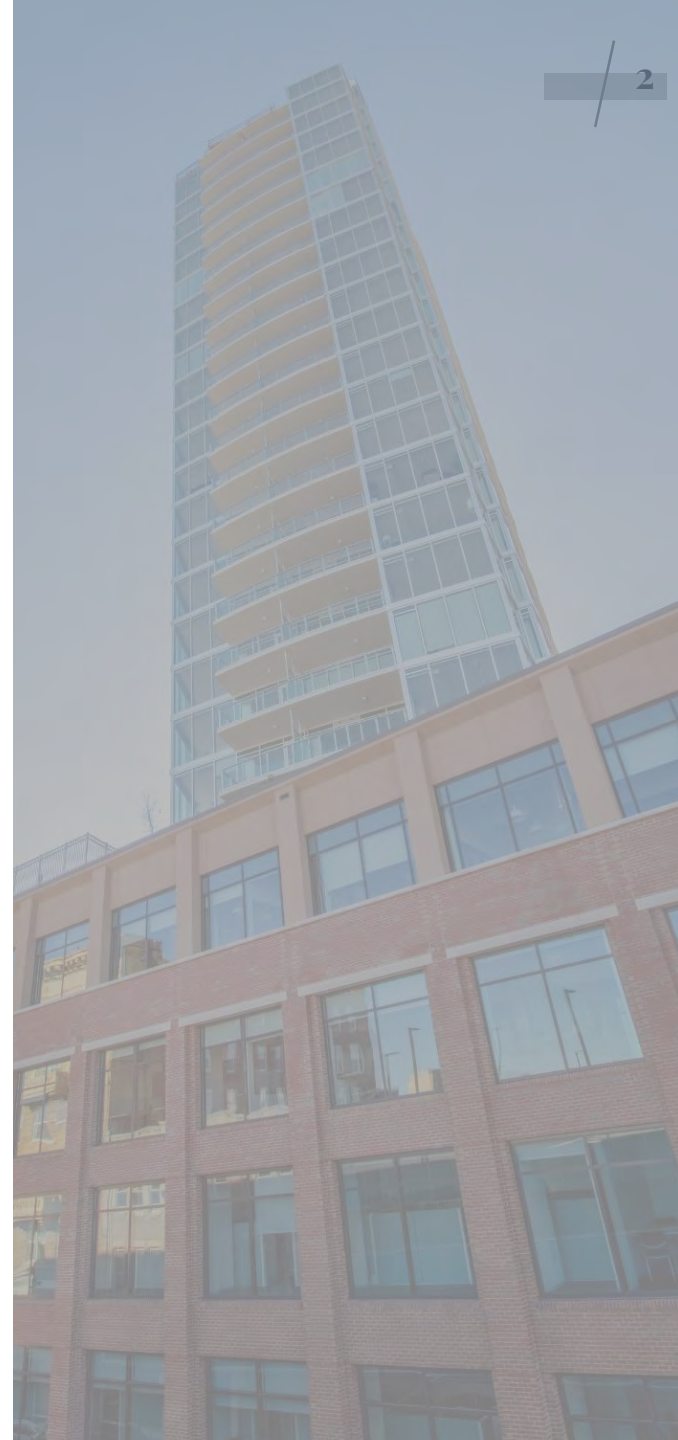
1Q 2019

SUPPLEMENTAL FINANCIAL PACKAGE



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FORWARD LOOKING STATEMENTS

Armada Hoffler

This Supplemental Financial Package should be read in conjunction with the unaudited condensed consolidated financial statements appearing in our press release dated May 2, 2019, which has been furnished as Exhibit 99.1 to our Form 8-K filed on May 2, 2019. The Company makes statements in this Supplemental financial package that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In particular, statements pertaining to our capital resources, portfolio performance, mezzanine loan program, development pipeline and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations, normalized funds from operations, adjusted funds from operations, and net operating income are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “intends,” “plans,” “estimates” or “anticipates” or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, estimates, data or methods, which may be incorrect or imprecise, and actual results may vary materially from those anticipated, estimated or projected. The Company does not guarantee that the transactions and events described will happen as described (or that they will happen at all). For further discussion of risk factors and other events that could impact our future results, please refer to the section entitled “Risk Factors” in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”), and the documents subsequently filed by us from time to time with the SEC.

Corporate Profile

Armada Hoffler Properties, Inc. (NYSE: AHH) is a vertically-integrated, self-managed real estate investment trust (“REIT”) with four decades of experience developing, building, acquiring, and managing high-quality, institutional-grade office, retail, and multifamily properties located primarily in the Mid-Atlantic and Southeastern United States. In addition to developing and building properties for its own account, the Company also provides development and general contracting construction services to third-party clients. Founded in 1979 by Daniel A. Hoffler, the Company has elected to be taxed as a REIT for U.S. federal income tax purposes.

BOARD OF DIRECTORS

Daniel A. Hoffler, Executive Chairman of the Board
A. Russell Kirk, Vice Chairman of the Board
Louis S. Haddad, Director
John W. Snow, Lead Independent Director

George F. Allen, Independent Director
James A. Carroll, Independent Director
James C. Cherry, Independent Director
Eva S. Hardy, Independent Director

Corporate Officers

Louis S. Haddad, President and Chief Executive Officer
Michael P. O’Hara, Chief Financial Officer
Eric E. Apperson, President of Construction
Shelly R. Hampton, President of Asset Management

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- Net income of \$6.5 million, or \$0.10 per diluted share, for the quarter ended March 31, 2019 compared to net income of \$7.0 million, or \$0.11 per diluted share, for the quarter ended March 31, 2018.
- Normalized Funds From Operations (“FFO”) of \$18.5 million, or \$0.27 per diluted share, for the quarter ended March 31, 2019 compared to Normalized FFO of \$15.4 million, or \$0.25 per diluted share, for the quarter ended March 31, 2018.
- FFO of \$16.6 million, or \$0.25 per diluted share, for the quarter ended March 31, 2019 compared to FFO of \$16.3 million, or \$0.26 per diluted share, for the quarter ended March 31, 2018.
- The Company reaffirmed 2019 full-year Normalized FFO guidance of \$1.11 to \$1.17 per diluted share.
- Core operating property portfolio occupancy at 96.0% as of March 31, 2019 compared to 95.8% as of December 31, 2018.
- Same Store Net Operating Income (“NOI”) for the quarter ended March 31, 2019 increased 2.6% on a GAAP basis and 2.4% on a cash basis compared to the quarter ended March 31, 2018. Multifamily Same Store NOI for the quarter ended March 31, 2019 increased 9.0% on a GAAP basis and 8.0% on a cash basis compared to the quarter ended March 31, 2018.
- Positive releasing spreads on office renewals during the first quarter of 17.0% on a GAAP basis and 2.5% on a cash basis. Positive releasing spreads on retail renewals during the first quarter of 5.5% on a GAAP basis and 3.4% on a cash basis.
- Increased the first quarter 2019 cash dividend by 5% over the prior quarter's cash dividend to \$0.21 per common share. This marks the fifth increase in five years and represents cumulative growth of over 31% since inception.
- Completed the acquisition and refinancing of the commercial office and retail components of our One City Center development project in downtown Durham, North Carolina from the joint venture partnership.
- Exercised our at-cost purchase option to acquire a 79% controlling interest in 1405 Point, the 17-story luxury high-rise apartment building located in the Harbor Point area of the Baltimore waterfront, in exchange for the Company's mezzanine loan investment and the assumption of existing debt.
- Agreed to acquire Red Mill Commons and Marketplace at Hilltop in exchange for 4.1 million Operating Partnership units each valued at \$15.55 per unit, the assumption of \$36 million of debt, and \$5 million in cash for aggregate consideration of \$105 million.
- Raised \$30.6 million of gross proceeds through our at-the-market equity offering program at an average price of \$14.78 per share during the quarter ended March 31, 2019.

2019 Outlook & Assumptions

Outlook	Low	High
Total NOI	\$96.9M	\$97.7M
Construction Segment Gross Profit	\$4.9M	\$5.7M
G&A expenses	\$11.0M	\$11.5M
Mezzanine Interest Income (Net of Interest Expense) ⁽¹⁾⁽²⁾	\$15.2M	\$15.7M
Interest Expense (Net of Mezzanine Interest Expense) ⁽²⁾	\$24.7M	\$25.7M
Normalized FFO per diluted share	\$1.11	\$1.17

(1) Includes \$4.5M of Annapolis Junction purchase option proceeds.

(2) Includes \$5.4M of interest expense associated with funding the Company's mezzanine program.

GUIDANCE ASSUMPTIONS

- Acquired 79% interest of the partnership in 1405 Point apartments on April 25th, 2019.
- Sale of Lightfoot Marketplace a Harris Teeter grocery-anchored shopping center with expected proceeds of approximately \$25M in the third quarter of 2019.
- Acquisition of Red Mill Commons and Marketplace at Hilltop for \$105 million in the second quarter of 2019.
Transaction composed of 4.1 million Operating Partnership units each valued at \$15.55, assumed mortgage debt of \$36 million, and \$5 million in cash. The transaction is expected to add \$8.1 million of annual net operating income.
- Interest expense is calculated based on Forward LIBOR Curve, which forecasts rates ending the year at 2.36%.
- Opportunistic sale of approximately \$50 million through the ATM program, for a full year weighted average share count of 72.3 million.



\$ in thousands, except per share data

	Three months ended				
	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018
OPERATIONAL METRICS					
Net income	\$6,514	\$4,895	\$5,669	\$5,945	\$6,983
Net income per diluted share	\$0.10	\$0.07	\$0.09	\$0.09	\$0.11
Rental properties Net Operating Income (NOI)	21,056	20,563	18,987	19,341	19,462
General contracting and real estate services gross profit	750	551	977	567	636
Adjusted EBITDA ⁽¹⁾⁽²⁾	24,038	25,110	20,124	19,466	19,399
Funds From Operations (FFO)	16,643	17,089	15,865	15,124	16,261
FFO per diluted share	\$0.25	\$0.26	\$0.24	\$0.24	\$0.26
Normalized FFO	18,506	20,190	15,650	15,242	15,376
Normalized FFO per diluted share	\$0.27	\$0.30	\$0.24	\$0.24	\$0.25
Annualized dividend yield	5.39%	5.69%	5.29%	5.37%	5.84%
CAPITALIZATION					
Total common shares outstanding	52,327	50,014	49,576	48,768	45,205
Operating Partnership units outstanding	16,992	17,110	17,167	17,291	17,441
Common shares and OP units outstanding	69,319	67,124	66,743	66,059	62,646
Market price per common share	\$15.59	\$14.06	\$15.11	\$14.90	\$13.69
Equity market capitalization ⁽³⁾	\$1,080,683	\$943,763	\$1,008,487	\$984,279	\$857,624
Total debt ⁽⁴⁾	744,123	700,722	660,608	586,821	595,637
Total market capitalization	1,824,806	1,644,485	1,669,095	1,571,100	1,453,261
Less: cash	(18,959)	(24,051)	(20,648)	(15,418)	(19,306)
Total enterprise value	\$1,805,847	\$1,620,434	\$1,648,447	\$1,555,682	\$1,433,955
BALANCE SHEET METRICS					
Core Debt/enterprise value	32.5%	36.7%	34.9%	34.1%	38.4%
Fixed charge coverage ratio	3.3x	3.7x	3.5x	3.5x	3.6x
Core Debt/Annualized Core EBITDA	6.3x	6.6x	7.1x	6.8x	7.0x
CORE PORTFOLIO OCCUPANCY					
Office ⁽⁵⁾	94.9%	93.3%	93.8%	93.7%	92.2%
Retail ⁽⁵⁾	96.1%	96.2%	96.6%	96.7%	96.7%
Multifamily ⁽⁶⁾	97.2%	97.3%	97.1%	89.2% ⁽⁷⁾	96.1%
Weighted Average ⁽⁸⁾	96.0%	95.8%	96.1%	94.8%	95.6%

(1) Excludes gains on dispositions of real estate and mark-to-market adjustments on interest rate derivatives.

(2) Includes gain on non-operating real estate of \$3.4M and approximately \$688K of severance for the three months ended 12/31/18.

(3) Includes common shares and OP units.

(4) Excludes unamortized GAAP adjustments.

(5) Office and retail occupancy based on leased square feet as a % of respective total.

(6) Multifamily occupancy based on occupied units as a % of respective total.

(7) Includes impact of seasonality, attributed to the reduced summer occupancy at the JHU student housing property.

(8) Total occupancy weighted by annualized base rent.

Net Asset Value Component Data

In thousands

Stabilized Portfolio NOI (Cash) ⁽¹⁾		
	Three months ended	Annualized
	3/31/2019	3/31/2019
<u>Stabilized Virginia Beach (VB) Town Center⁽¹⁾</u>		
Office ⁽²⁾	\$3,287	\$13,148
Retail ⁽²⁾	2,125	8,500
Multifamily	1,661	6,644
Total Stabilized VB Town Center NOI	\$7,073	\$28,292
<u>Stabilized Portfolio (Excludes VB Town Center)⁽¹⁾</u>		
Office	\$0	\$0
Retail	10,338	41,352
Multifamily	2,560	10,240
Total Stabilized Portfolio (Excludes VB Town Center)	\$12,898	\$51,592
Combined Stabilized Portfolio NOI	\$19,971	\$79,884
<u>Run Rate Adjustments⁽¹⁾</u>		
Signed Leases Not Yet Occupied or In Free Rent Period	\$1,675	\$6,702
Net Acquisitions/Dispositions Completed Intra-Quarter	198	792
Total Run Rate Adjustments	\$1,873	\$7,494
Total	\$21,844	\$87,378
Non-Stabilized Portfolio and Development Pipeline (Cost Basis) ⁽³⁾		
	As of 3/31/2019	
Income Producing Properties	\$108,000	
Construction In Process	140,000	
Other Assets	3,000	
Total Non-Stabilized Portfolio	\$251,000	

General Contracting and Real Estate Services	
	Trailing 12 Months
General Contracting Gross Profit ⁽⁴⁾	\$6,261
Non-Property Assets ⁽⁵⁾	
	As of 3/31/2019
Cash and Cash Equivalents	\$15,577
Restricted cash	3,382
Accounts Receivable	18,297
Notes Receivable, Including Mezzanine Investments ⁽⁶⁾	151,054
Construction Receivables, Including Retentions	17,784
Other Assets	63,909
Land Held for Development (Book Value)	2,994
Total Non-Property Assets	\$272,997
Liabilities ⁽⁵⁾	
	As of 3/31/2019
Mortgages and Notes Payable ⁽⁶⁾	\$744,123
Accounts Payable and Accrued Liabilities	15,904
Construction Payables, Including Retentions	42,293
Other Liabilities	44,053
Total Liabilities	\$846,373
Share Count	
	As of 3/31/2019
Total common shares outstanding	52,327
Total OP units outstanding	16,992
Total common shares & OP units outstanding	69,319

- (1) NOI from non-stabilized portfolio and development pipeline excluded from stabilized portfolio.
- (2) Includes leases for space occupied by Armada Hoffer which are eliminated for GAAP purposes.
- (3) NOI not included in Stabilized.
- (4) Includes \$3.4 million from the sale of a distribution center.
- (5) Lease right of use assets and lease liabilities excluded.
- (6) Excludes unamortized GAAP adjustments.

Summary Balance Sheet

\$ in thousands

	As of	
	3/31/2019 (Unaudited)	12/31/2018
Assets		
Real estate investments:		
Income producing property	\$1,102,803	\$1,037,917
Held for development	2,994	2,994
Construction in progress	145,366	135,675
Accumulated depreciation	(196,518)	(188,775)
Net real estate investments	1,054,645	987,811
Real estate investments held for sale	929	929
Cash and cash equivalents	15,577	21,254
Restricted cash	3,382	2,797
Accounts receivable, net	18,297	19,016
Notes receivable	152,172	138,683
Construction receivables, including retentions	17,784	16,154
Costs and estimated earnings in excess of billings	317	1,358
Equity method investments	-	22,203
Lease right of use assets	32,242	-
Other assets	63,909	55,177
Total Assets	\$1,359,254	\$1,265,382
Liabilities and Equity		
Indebtedness, net	\$737,621	\$694,239
Accounts payable and accrued liabilities	15,904	15,217
Construction payables, including retentions	42,293	50,796
Billings in excess of costs and estimated earnings	3,622	3,037
Lease liabilities	41,697	-
Other liabilities	40,431	46,203
Total Liabilities	881,568	809,492
Total Equity	477,686	455,890
Total Liabilities and Equity	\$1,359,254	\$1,265,382

Summary Income Statement

In thousands, except per share data

	Three months ended	
	3/31/2019	3/31/2018
Revenues	(Unaudited)	
Rental revenues	\$30,909	\$28,699
General contracting and real estate services	17,036	23,050
Total Revenues	47,945	51,749
Expenses		
Rental expenses	6,725	6,424
Real estate taxes	3,128	2,813
General contracting and real estate services	16,286	22,414
Depreciation and amortization	9,904	9,278
General and administrative	3,401	2,961
Acquisition, development & other pursuit costs	400	84
Total Expenses	39,844	43,974
Operating Income	8,101	7,775
Interest income	5,319	2,232
Interest expense	(5,886)	(4,373)
Equity in income of unconsolidated real estate entities	273	-
Change in fair value of interest rate derivatives	(1,463)	969
Other income	60	114
Income before taxes	6,404	6,717
Income tax benefit	110	266
Net Income	\$6,514	\$6,983
Per Diluted Share & Unit	\$0.10	\$0.11
Weighted Average Shares & Units - Diluted	67,919	62,538

FFO, Normalized FFO & AFFO⁽¹⁾

\$ in thousands, except per share data

	Three months ended (Unaudited)				
	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018
Funds From Operations					
Net income	\$6,514	\$4,895	\$5,669	\$5,945	\$6,983
Earnings per diluted share	\$0.10	\$0.07	\$0.09	\$0.09	\$0.11
Depreciation and amortization ⁽²⁾	10,129	11,525	10,196	9,179	9,278
Gains on dispositions of operating real estate ⁽³⁾	-	(833)	-	-	-
Impairment of real estate assets ⁽⁴⁾	-	1,502	-	-	-
FFO	\$16,643	\$17,089	\$15,865	\$15,124	\$16,261
FFO per diluted share	\$0.25	\$0.26	\$0.24	\$0.24	\$0.26
Normalized FFO					
Acquisition, development & other pursuit costs	400	190	69	9	84
Loss on extinguishment of debt	-	-	11	-	-
Impairment of intangible assets and liabilities	-	16	3	98	-
Severance related costs	-	688	-	-	-
Change in fair value of interest rate derivatives	1,463	2,207	(298)	11	(969)
Normalized FFO	\$18,506	\$20,190	\$15,650	\$15,242	\$15,376
Normalized FFO per diluted share	\$0.27	\$0.30	\$0.24	\$0.24	\$0.25
Adjusted FFO					
Non-cash stock compensation	689	55	252	271	555
Acquisition, development & other pursuit costs	(400)	(190)	(69)	(9)	(84)
Tenant improvements, leasing commissions, lease incentives ⁽⁵⁾	(809)	(2,447)	(899)	(1,102)	(1,058)
Property related capital expenditures	(1,494)	(2,961)	(884)	(1,098)	(1,321)
Adjustment for Annapolis Junction purchase option	(1,118)	4,489	-	-	-
Non-cash interest expense	304	289	270	231	326
Net effect of straight-line rents	(840)	(915)	(709)	(415)	(478)
Amortization of leasing incentives & above (below) market rents	(10)	(29)	(43)	(46)	(56)
AFFO	\$14,828	\$18,481	\$13,568	\$13,074	\$13,260
AFFO per diluted share	\$0.22	\$0.28	\$0.20	\$0.21	\$0.21
Weighted Average Common Shares Outstanding	50,926	49,726	49,194	45,928	45,132
Weighted Average Operating Partnership ("OP") Units Outstanding	16,993	17,110	17,168	17,286	17,406
Total Weighted Average Common Shares and OP Units Outstanding	67,919	66,836	66,362	63,214	62,538

(1) See definitions on pages 28-29.

(2) The adjustment for depreciation and amortization includes fourth quarter 2018 and first quarter 2019 depreciation attributable to the Company's investment in One City Center, which was an unconsolidated real estate investment until 3/14/19.

(3) Excludes gain on non-operating real estate of \$3.4M for the three months ended 12/31/18.

(4) Disposition of Waynesboro Commons.

(5) Excludes development, redevelopment, and first generation space.

Outstanding Debt

\$ in thousands

				Debt Maturities & Principal Payments						
Debt	Stated Rate	Effective Rate as of 3/31/2019	Maturity Date	2019	2020	2021	2022	2023	Thereafter	Outstanding as of 3/31/2019
Secured Notes Payable - Core Debt										
Southgate Square	L+1.60%	4.09%	4/29/2021	\$660	\$880	\$19,682				\$21,222
Encore Apartments	3.25%	3.25%	9/10/2021	124	504	24,338				24,966
4525 Main Street	3.25%	3.25%	9/10/2021	158	646	31,230				32,034
Hanbury Village	3.78%	3.78%	8/15/2022	377	522	544	17,449			18,892
Socastee Commons	4.57%	4.57%	1/6/2023	79	109	115	120	4,222		4,645
Sandbridge Commons	L+1.75%	4.24%	1/17/2023	179	247	257	268	7,248		8,199
249 Central Park Retail	L+1.60%	3.85% ⁽¹⁾	8/10/2023	164	230	245	260	16,093		16,992
South Retail	L+1.60%	3.85% ⁽¹⁾	8/10/2023	72	101	107	114	7,066		7,460
Fountain Plaza Retail	L+1.60%	3.85% ⁽¹⁾	8/10/2023	100	139	147	156	9,684		10,226
Lightfoot Marketplace	L+1.75%	4.77% ⁽²⁾	10/12/2023					17,900		17,900
Johns Hopkins Village	L+1.25%	4.19% ⁽³⁾	8/7/2025	677	941	988	1,031	1,075	47,765	52,477
North Point Center Note 2	7.25%	7.25%	9/15/2025	92	130	140	151	162	1,642	2,317
Lexington Square	4.50%	4.50%	9/1/2028	165	256	268	280	293	13,598	14,860
Smith's Landing	4.05%	4.05%	6/1/2035	620	856	892	928	966	14,521	18,783
Liberty Apartments	5.66%	5.66%	11/1/2043	205	288	304	332	341	12,900	14,370
The Cosmopolitan	3.35%	3.35%	7/1/2051	577	792	819	847	876	40,368	44,279
Total - Secured Core Debt				\$4,249	\$6,641	\$80,076	\$21,936	\$65,926	\$130,794	\$309,622
Secured Notes Payable - Development Pipeline										
Greenside Apartments	L+2.95%	5.44%	2/24/2020		27,409					27,409
Premier	L+2.75%	5.24%	6/29/2020		21,830					21,830
Summit Place	L+3.24%	5.73%	1/1/2021			19,529				19,529
Hoffler Place	L+3.24%	5.73%	1/1/2021			19,337				19,337
One City Center	L+1.85%	4.34%	4/1/2024	339	574	628	659	691	22,734	25,625
Market at Mill Creek	L+1.55%	4.04%	7/12/2025						13,549	13,549
Brooks Crossing Office	L+1.60%	4.09%	7/1/2025						11,222	11,222
Total - Development Pipeline				339	49,813	39,494	659	691	47,505	138,501
Total Secured Notes Payable				\$4,588	\$56,454	\$119,570	\$22,595	\$66,617	\$178,299	\$448,123
Unsecured Core Debt										
Senior unsecured line of credit	L+1.40% - 2.00%	4.04%	10/26/2021			91,000				91,000
Senior unsecured term loan	L+1.35% - 1.95%	3.99%	10/26/2022				55,000			55,000
Senior unsecured term loan	L+1.35% - 1.95%	3.50% - 4.28% ⁽¹⁾⁽³⁾	10/26/2022				150,000			150,000
Total - Unsecured Core Debt				-	-	91,000	205,000	-	-	296,000
Total Notes Payable excluding GAAP Adjustments				\$4,588	\$56,454	\$210,570	\$227,595	\$66,617	\$178,299	\$744,123
GAAP Adjustments										(6,502)
Total Notes Payable										\$737,621

(1) Includes debt subject to interest rate swap locks, established 4/4/19.

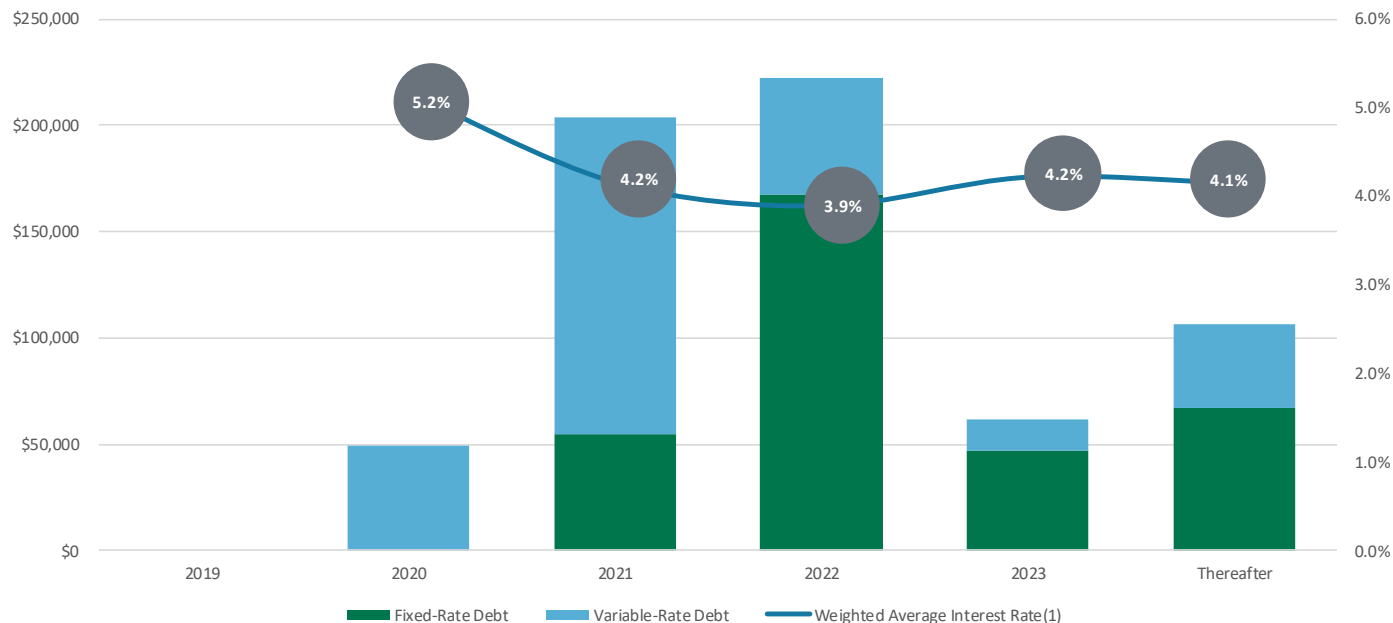
(2) Includes \$10.5 of debt subject to interest rate swap locks.

(3) Includes debt subject to interest rate swap locks.

Debt Information

\$ in thousands

Debt Maturities



Total Debt Composition

	% of Debt	Weighted Average	
		Interest Rate	Maturity
Secured vs. Unsecured Debt			
Unsecured Debt	39.8%	3.9%	3.3 Yrs
Secured Debt	60.2%	4.3%	7.8 Yrs
Variable vs. Fixed-rate Debt			
Variable-rate Debt ⁽²⁾	43.2%	4.5%	2.9 Yrs
Fixed-rate Debt ⁽¹⁾⁽³⁾	56.8%	3.9%	8.3 Yrs
Fixed-rate and Hedged Debt ⁽¹⁾⁽³⁾	97.1%		
Total		4.2%	6.0 Yrs

Interest Rate Cap Agreements

Effective Date	Maturity Date	Strike Rate	Notional Amount
June-2017	July-2019	1.50%	\$50,000
September-2017	October-2019	1.50%	50,000
November-2017	December-2019	1.50%	50,000
March-2018	April-2020	2.25%	50,000
July-2018	August-2020	2.50%	50,000
December-2018	January-2021	2.75%	50,000
Total Interest Rate Caps			300,000
Fixed-rate Debt ⁽²⁾⁽³⁾			422,801
Fixed-rate and Hedged Debt			722,801
% of Total Debt ⁽³⁾			97.1%

- (1) Includes debt subject to interest rate swap locks.
 (2) Excludes debt subject to interest rate swap locks.
 (3) Excludes GAAP adjustments.

Core Debt to Core EBITDA⁽¹⁾

\$ in thousands

	Three months ended				
	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018
Net Income	\$6,514	\$4,895	\$5,669	\$5,945	\$6,983
Excluding:					
Interest expense ⁽²⁾	6,042	5,692	4,677	4,497	4,373
Income tax provision (benefit)	(110)	523	(120)	(166)	(266)
Depreciation and amortization ⁽²⁾	10,129	11,525	10,196	9,179	9,278
(Gain) Loss on operating real estate dispositions	-	(833)	-	-	-
Impairment of real estate assets	-	1,502	-	-	-
Change in fair value of interest rate derivatives	1,463	2,207	(298)	11	(969)
Adjusted EBITDA	\$24,038	\$25,511⁽³⁾	\$20,124	\$19,466	\$19,399
Other adjustments:					
Loss on extinguishment of debt	-	-	11	-	-
Non-cash stock compensation	689	55	252	271	555
Development Pipeline ⁽²⁾	(1,362)	(1,129)	(94)	(106)	(219)
Total Other Adjustments	(673)	(1,074)	169	165	336
Core EBITDA	\$23,365	\$24,437	\$20,293	\$19,631	\$19,735
Total Debt⁽⁴⁾	\$744,123	\$719,179	\$660,608	\$586,821	\$595,637
Adjustments to Debt:					
(Less) Development Pipeline ⁽⁴⁾	(138,501)	(100,268)	(64,365)	(40,232)	(25,377)
(Less) Cash & restricted cash	(18,959)	(24,051)	(20,648)	(15,418)	(19,306)
Core Debt	\$586,663	\$594,860	\$575,595	\$531,171	\$550,954
Core Debt/Annualized Core EBITDA	6.3x	6.6x	7.1x	6.8x	7.0x

(1) See definitions on page 30.

(2) The adjustment for depreciation and amortization as well as interest expense includes fourth quarter 2018 and first quarter 2019 activity attributable to the Company's investment in One City Center, which was an unconsolidated real estate investment until 3/14/19.

(3) Includes gain on non-operating real estate of \$3.4M and approximately \$688K of severance for the three months ended 12/31/18. These amounts are not annualized in the Core Debt/Annualized Core EBITDA calculation.

(4) Excludes GAAP Adjustments.

Capitalization & Financial Ratios

\$ in thousands

Capitalization as of March 31, 2019

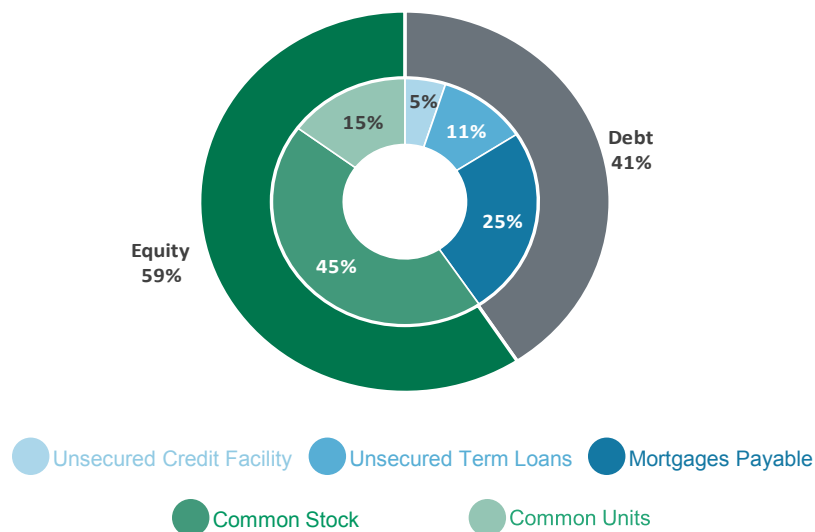
Debt	% of Total	Principal Balance
Unsecured credit facility	12%	\$91,000
Unsecured term loans	28%	205,000
Mortgages payable	60%	448,123
Total debt		<u>\$744,123</u>

Equity	% of Total	Shares/Units	Stock Price	Market Value
Common stock (NYSE: AHH)	75%	52,327	\$15.59	\$815,778
Common units	25%	16,992	\$15.59	264,905
Equity market capitalization		69,319		<u>\$1,080,683</u>
Total market capitalization				\$1,824,806
Debt/Market capitalization				41%

Liquidity as of March 31, 2019

Cash on hand	\$18,959
Availability under credit facility	56,594
Availability under construction loan	40,183
	<u>\$115,736</u>

Capital Structure as of March 31, 2019



Unencumbered Properties as of March 31, 2019

% of Total Properties	68%
% of Annualized Base Rent	51%

Property Portfolio

As of March 31, 2019

						Net Rentable Square Feet (RSF) ⁽¹⁾						
Property	Anchor Tenant(s)	Location	Town Center	Unencumbered ABR	Year Built	Core Properties	Development Properties	Total	Core Occupancy ⁽²⁾	Development Leased ⁽²⁾	ABR ⁽³⁾	ABR per Leased SF ⁽³⁾
Retail Properties												
249 Central Park Retail ⁽⁴⁾	Cheesecake Factory, Brooks Brothers, Gordon Biersch	Virginia Beach, VA	✓	-	2004	92,710	-	92,710	97.9%	-	\$2,607,307	\$28.73
Alexander Pointe	Harris Teeter	Salisbury, NC		100%	1997	57,710	-	57,710	95.1%	-	636,150	11.59
Bermuda Crossroads ⁽⁶⁾	Food Lion, OfficeMax	Chester, VA		100%	2001	122,566	-	122,566	98.4%	-	1,717,090	14.24
Broad Creek Shopping Center ⁽⁶⁾⁽⁹⁾	Food Lion, PetSmart	Norfolk, VA		100%	1997/2001	121,504	-	121,504	95.5%	-	2,054,231	17.70
Broadmoor Plaza	Kroger, Staples, Jo-Ann Fabrics	South Bend, IN		100%	1980	115,059	-	115,059	97.5%	-	1,376,691	12.27
Brooks Crossing Retail	Various Small Shops	Newport News, VA		100%	2016	-	18,349	18,349	-	66.3%	169,380	13.92
Columbus Village	Barnes & Noble, Shake Shack	Virginia Beach, VA	✓	100%	1980/2013	62,362	-	62,362	100.0%	-	1,535,823	24.63
Columbus Village II	Regal Cinemas, BB&B	Virginia Beach, VA	✓	100%	1995/1996	92,061	-	92,061	96.7%	-	1,595,334	17.92
Commerce Street Retail ⁽⁵⁾	Yard House	Virginia Beach, VA	✓	100%	2008	19,173	-	19,173	100.0%	-	869,292	45.34
Courthouse 7-Eleven	7-Eleven	Virginia Beach, VA		100%	2011	3,177	-	3,177	100.0%	-	139,311	43.85
Dick's at Town Center	Dick's Sporting Goods, USI	Virginia Beach, VA	✓	100%	2002	103,335	-	103,335	100.0%	-	1,251,255	12.11
Dimmock Square	Best Buy, Old Navy	Colonial Heights, VA		100%	1998	106,166	-	106,166	97.2%	-	1,769,587	17.15
Fountain Plaza Retail	Ruth's Chris, Ann Taylor	Virginia Beach, VA	✓	-	2004	35,961	-	35,961	100.0%	-	1,026,320	28.54
Gainsborough Square	Food Lion, Rite Aid	Chesapeake, VA		100%	1999	88,862	-	88,862	91.1%	-	1,240,570	15.32
Greentree Shopping Center	Various Small Shops	Chesapeake, VA		100%	2014	15,719	-	15,719	83.7%	-	267,151	20.31
Hanbury Village ⁽⁶⁾	Harris Teeter, Walgreens	Chesapeake, VA		32%	2006/2009	116,635	-	116,635	98.6%	-	2,494,916	21.69
Harper Hill Commons ⁽⁶⁾	Harris Teeter	Winston-Salem, NC		100%	2004	96,914	-	96,914	86.9%	-	956,076	11.35
Harrisonburg Regal	Regal Cinemas	Harrisonburg, VA		100%	1999	49,000	-	49,000	100.0%	-	683,550	13.95
Indian Lakes Crossing ⁽⁶⁾	Harris Teeter	Virginia Beach, VA		100%	2008	64,973	-	64,973	95.0%	-	842,432	13.65
Lexington Square	Lowes Foods	Lexington, SC		-	2017	85,531	-	85,531	93.3%	-	1,698,782	21.29
Lightfoot Marketplace ⁽⁶⁾	Harris Teeter, CHKD	Williamsburg, VA		-	2016	124,735	-	124,735	85.6%	-	1,833,533	17.16
North Hampton Market	PetSmart, Hobby Lobby	Taylors, SC		100%	2004	114,935	-	114,935	100.0%	-	1,473,083	12.82
North Point Center ⁽⁶⁾	Harris Teeter, PetSmart, Home Depot, Costco	Durham, NC		88%	1998/2009	494,746	-	494,746	100.0%	-	3,821,387	7.72
Oakland Marketplace ⁽⁶⁾	Kroger	Oakland, TN		100%	2004	64,538	-	64,538	100.0%	-	475,429	7.37
Parkway Centre	Publix	Moultrie, GA		100%	2017	61,200	-	61,200	98.0%	-	810,360	13.51
Parkway Marketplace	Rite Aid	Virginia Beach, VA		100%	1998	37,804	-	37,804	94.4%	-	717,906	20.11
Patterson Place	BB&B, PetSmart, DSW, AC Moore	Durham, NC		100%	2004	160,942	-	160,942	94.6%	-	2,390,333	15.71
Perry Hall Marketplace	Safeway	Perry Hall, MD		100%	2001	74,256	-	74,256	100.0%	-	1,261,436	16.99
Premier Retail	Williams Sonoma, Pottery Barn	Virginia Beach, VA	✓	-	2018	-	38,586	38,586	-	75.8%	957,730	32.76
Providence Plaza	Cranfill, Sumner & Hartzog, Chipotle	Charlotte, NC		100%	2007/2008	103,118	-	103,118	95.4%	-	2,657,319	27.02
Renaissance Square	Harris Teeter	Davidson, NC		100%	2008	80,467	-	80,467	88.0%	-	1,221,216	17.24
Sandbridge Commons ⁽⁶⁾	Harris Teeter	Virginia Beach, VA		-	2015	69,417	-	69,417	100.0%	-	916,254	13.20
Socastee Commons	Bi-Lo	Myrtle Beach, SC		-	2000/2014	57,273	-	57,273	96.7%	-	631,087	11.40
Southgate Square	Burlington, PetSmart, Michaels	Colonial Heights, VA		-	1991/2016	220,131	-	220,131	89.7%	-	2,706,472	13.71
South Retail	lululemon, free people, CPK	Virginia Beach, VA	✓	-	2002	38,515	-	38,515	100.0%	-	977,399	25.38
South Square ⁽⁶⁾	Ross, Petco, Office Depot	Durham, NC		100%	1977/2005	109,590	-	109,590	95.3%	-	1,793,427	17.16
Southshore Shops	Buffalo Wild Wings	Chesterfield, VA		100%	2006	40,333	-	40,333	88.8%	-	747,695	20.88
Stone House Square ⁽⁶⁾	Weis Markets	Hagerstown, MD		100%	2008	112,274	-	112,274	93.1%	-	1,767,874	16.92
Studio 56 Retail	McCormick & Schmick's	Virginia Beach, VA	✓	100%	2007	11,594	-	11,594	84.8%	-	419,296	42.65
Tyre Neck Harris Teeter ⁽⁹⁾	Harris Teeter	Portsmouth, VA		100%	2011	48,859	-	48,859	100.0%	-	533,285	10.91
Wendover Village	BB&B, T.J. Maxx, Petco	Greensboro, NC		100%	2004	176,939	-	176,939	100.0%	-	3,480,991	19.67
Total / Weighted Avg Retail Portfolio				73%		3,651,084	56,935	3,708,019	96.1%	72.7%	\$56,524,760	\$15.92

Property Portfolio Cont.

As of March 31, 2019

Net Rentable Square Feet (RSF)⁽¹⁾

Office Properties	Anchor Tenant	Location	Town Center	Unencumbered ABR	Year Built	Core Properties	Development Properties	Total	Core Occupancy ⁽²⁾	Development Leased ⁽²⁾	ABR ⁽³⁾	ABR per Leased Sq ⁽³⁾
4525 Main Street	Clark Nexsen, Anthropologie, Mythics	Virginia Beach, VA	✓	-	2014	234,938	-	234,938	98.1%	-	\$6,597,818	\$28.63
Armada Hoffer Tower ⁽⁴⁾⁽⁵⁾	AHH, Troutman Sanders, Williams Mullen	Virginia Beach, VA	✓	100%	2002	324,247	-	324,247	92.0%	-	8,754,011	29.36
One Columbus ⁽⁵⁾	BB&T, HBA	Virginia Beach, VA	✓	100%	1984	128,876	-	128,876	92.2%	-	2,948,523	24.80
One City Center	Duke University, WeWork	Durham, NC	-	-	2019	-	153,666	153,666	-	84.7%	4,142,424	31.82
Two Columbus	The Art Institute	Virginia Beach, VA	✓	100%	2009	108,459	-	108,459	100.0%	-	2,845,964	26.24
Total / Weighted Average Office Portfolio				58%		796,520	153,666	950,186	94.9%	84.7%	\$25,288,741	\$28.54

Units

Multifamily	Location	Town Center	Unencumbered ABR	Year Built	Core Properties	Development/ Redevelopment Properties	Total	Core Occupancy ⁽²⁾	Development/ Redevelopment Occupancy ⁽²⁾	ABR ⁽⁷⁾	Monthly Rent per Occupied Unit
Encore Apartments	Virginia Beach, VA	✓	-	2014	286	-	286	94.4%	-	\$4,238,652	\$1,308.23
Greenside Apartments	Charlotte, NC	-	-	2018	-	225	225	-	58.2%	2,460,408	1,565.15
Johns Hopkins Village ⁽⁸⁾⁽⁹⁾⁽¹⁰⁾	Baltimore, MD	-	-	2016	157	-	157	99.5%	-	7,635,720	1,126.21
Liberty Apartments ⁽⁸⁾⁽¹⁰⁾	Newport News, VA	-	-	2013	197	-	197	95.3%	-	2,381,836	1,057.12
Premier Apartments	Virginia Beach, VA	✓	-	2018	-	131	131	-	80.9%	1,804,680	1,418.77
Smith's Landing ⁽⁹⁾	Blacksburg, VA	-	-	2009	284	-	284	100.0%	-	4,070,568	1,194.42
The Cosmopolitan ⁽⁸⁾⁽¹¹⁾	Virginia Beach, VA	✓	-	2006	-	300	300	-	93.0% ⁽¹¹⁾	5,350,027	1,597.98
Total / Weighted Avg Multifamily Portfolio					924	656	1,580	97.2%	78.7%	\$27,941,891	\$1,321.18

(1) The net rentable square footage for each of our retail & office properties is the sum of (a) the square footage of existing leases, plus (b) for available space, management's estimate of net rentable square footage based, in part, on past leases. The net rentable square footage included in office leases is generally consistent with the Building Owners and Managers Association, or BOMA, 1996 measurement guidelines.

(2) Occupancy for each of our retail & office properties is calculated as (a) square footage under executed leases as of March 31, 2019, divided by (b) net rentable square feet, expressed as a percentage. Occupancy for our multifamily properties is calculated as (a) total units occupied as of March 31, 2019, divided by (b) total units available, as of such date expressed as a percentage.

(3) For the properties in our office and retail portfolios, annualized base rent, or ABR, is calculated by multiplying (a) monthly base rent (defined as cash base rent, before contractual tenant concessions and abatements, and excluding tenant reimbursements for expenses paid by us) as of March 31, 2019 for in-place leases as of such date by (b) 12, and does not give effect to periodic contractual rent increases or contingent rental revenue (e.g., percentage rent based on tenant sales thresholds). ABR per leased square foot is calculated by dividing (a) ABR by (b) square footage under in-place leases as of March 31, 2019. In the case of triple net or modified gross leases, our calculation of ABR does not include tenant reimbursements for real estate taxes, insurance, common area or other operating expenses.

(4) As of March 31, 2019, the Company occupied 43,034 square feet at these two properties at an ABR of \$1.4M, or \$31.58 per leased square foot, which amounts are reflected in this table. The rent paid by us is eliminated in accordance with GAAP in the consolidated financial statements.

(5) Includes ABR pursuant to a rooftop lease.

(6) Net rentable square feet at certain of our retail properties includes pad sites leased pursuant to the ground leases in the table to the right:

Properties Subject to Ground Lease	Number of Ground Leases	Square Footage Leased Pursuant to Ground Leases	ABR
Bermuda Crossroads	2	11,000	\$179,685
Broad Creek Shopping Center	6	23,825	639,988
Columbus Village	1	3,403	200,000
Hanbury Village	2	55,586	1,082,118
Harper Hill Commons	1	41,520	373,680
Indian Lakes	1	50,311	592,385
Lightfoot Marketplace	3	60,442	660,375
North Point Center	4	280,556	1,138,230
Oakland Marketplace	1	45,000	186,300
Sandbridge Commons	1	53,288	583,000
South Square	1	1,778	60,000
Stone House Square	1	3,650	181,500
Tyre Neck Harris Teeter	1	48,859	533,285
Total / Weighted Avg	25	679,218	\$6,410,546

(7) For the properties in our multifamily portfolio, ABR is calculated by multiplying (a) base rental payments for the month ended March 31, 2019 by (b) 12.

(8) The ABR for Liberty, Cosmopolitan, and Johns Hopkins Village excludes \$293K, \$875K and \$1.2M from ground floor retail leases, respectively.

(9) The Company leases the land underlying this property pursuant to a ground lease.

(10) Monthly rent per occupied unit is calculated by dividing total base rental payments for the month ended March 31, 2019 by the number of occupied beds.

(11) Excludes 42 units offline for redevelopment for occupancy.

Development and Redevelopment Pipeline

\$ in thousands

Schedule⁽¹⁾

Projects	Property Type	Estimated ⁽¹⁾	% Leased or LOI	Construction Start	Initial Occupancy	Stabilized Operation ⁽²⁾	Estimated Cost ⁽¹⁾	Loan Commitment	Cost to Date	AHH Ownership %	Anchor Tenants & Other Notes
Under Development											
Brooks Crossing - Office Newport News, VA	Office	100,000 sf	100%	1Q18	2Q19	3Q19	\$20,000	\$15,625	\$18,000	65% ⁽³⁾	Huntington Ingalls Industries
Hoffler Place (King Street) Charleston, SC	Multifamily	74 units	48%	3Q17	3Q19	3Q20	48,000	31,750	40,000	93%	NA
Market at Mill Creek Mt. Pleasant, SC	Retail	73,000 sf	93%	1Q18	1Q19	3Q19	23,000	16,185	22,000	70% ⁽³⁾	Lowes Foods
Summit Place (Meeting Street) Charleston, SC	Multifamily	114 units	-	3Q17	TBD	TBD	53,000	34,750	42,500	90%	NA
Wills Wharf Baltimore, MD	Office	325,000 sf	68%	3Q18	1Q20	3Q20	119,000	-	32,000	100%	WeWork, Canopy by Hilton
Total Projects Under Development							263,000	98,310	154,500		
Delivered Not Stabilized											
Brooks Crossing - Retail Newport News, VA	Retail	18,000 sf	66%	3Q15	3Q16	4Q19	3,000	-	3,000	65% ⁽³⁾	Misc. small shops
Greenside (Harding Place) Charlotte, NC	Multifamily	225 Units	73%	3Q16	3Q18	4Q19	51,000	29,750	50,500	80% ⁽³⁾	NA
One City Center Durham, NC	Office	153,000 sf	85%	1Q16	3Q18	2Q19	48,000	27,625	46,000	100%	Duke University, WeWork
Premier Apartments (Town Center Phase VI) Virginia Beach, VA	Multifamily	131 Units	92%	4Q16	2Q18	2Q19	30,000	16,666	30,000	100%	NA
Premier Retail (Town Center Phase VI) Virginia Beach, VA	Retail	39,000 sf	76%	4Q16	3Q18	2Q20	15,000	8,334	12,500	100%	Williams-Sonoma, Pottery Barn
Total Projects Delivered Not Stabilized							147,000	82,375	142,000		
Total							\$410,000	\$180,685	\$296,500		

Redevelopment	Property Type	Units Out of Service	% Leased	Construction Start	Anticipated Completion	Same-Store Sales	Estimated Cost ⁽¹⁾	Loan Commitment	Cost to Date
The Cosmopolitan Virginia Beach, VA	Multifamily	42 units	93%	1Q18	4Q20	4Q21	\$10,000	NA	\$2,400

	Q1 2019
Capitalized Interest	\$1,549
Capitalized Overhead	\$664

- (1) Represents estimates that may change as the development process proceeds.
- (2) First fully-stabilized quarter. See same store definition on page 30.
- (3) AHH earns a preferred return on equity prior to any distributions to JV Partners.

Mezzanine Investments

\$ in thousands

Schedule⁽¹⁾

	Property Type	Estimated ⁽¹⁾	% Leased or LOI	Initial Occupancy	Loan Maturity	Interest Rate	Principal Mezzanine Financing	Mezzanine Interest QTD	Option to Purchase
Investments with Discounted Purchase Options									
1405 Point (Point Street Apartments) ⁽²⁾ Baltimore, MD	Multifamily	289 units	98%	1Q18	3Q21	8%	\$31,000	\$610	\$97,000
Nexton Square Summerville, SC	Retail	135,000 sf	70%	2Q19	4Q20	15%	14,000	509	42,000
Short Term Investments									
The Residences at Annapolis Junction Annapolis Junction, MD	Multifamily	416 units	89%	3Q17	4Q19	10%	37,000	906	-
\$5M Annapolis Junction Purchase Option sale							-	1,118	-
North Decatur Square (Whole Foods) Decatur, GA	Retail	86,000 sf	100%	4Q18	2Q22	15%	19,000	638	-
Delray Plaza (Whole Foods) Delray Beach, FL	Retail	83,000 sf	94%	3Q19	4Q20	15%	10,000	310	-
Solis Apartments at Interlock Atlanta, GA	Multifamily	345 units	NA	3Q20	3Q22	13%	15,000	463	-
The Interlock Atlanta, GA	Mixed-use	304,000 sf	63%	3Q20	3Q22	15%	24,000	743	-
Total ⁽³⁾							\$150,000	\$5,297	
Mezzanine Interest Expense ⁽⁴⁾								(1,321)	
Net Mezzanine Interest Income								\$3,976	



- (1) Represents estimates that may change as the development process proceeds.
- (2) Exercised purchase option subsequent to quarter end.
- (3) Excludes GAAP adjustments.
- (4) Includes \$5.4M of interest expense associated with funding the Company's mezzanine program.

Acquisitions & Dispositions

\$ in thousands

ACQUISITIONS

Properties	Location	Square Feet	Purchase Price ⁽¹⁾	Reinvested 1031 Proceeds	\$ Value of OP Units/Stock ⁽²⁾	Cash Cap Rate	Purchase Date	Anchor Tenants
Wendover Village III	Greensboro, NC	5,286	\$2,783	\$2,424	-	9.2%	1Q19	Verizon
Lexington Square ⁽³⁾	Lexington, SC	85,531	26,758	-	\$2,624	6.7%	3Q18	Lowes Foods
Parkway Centre	Moultrie, GA	61,200	11,200	-	1,624	6.4%	1Q18	Publix
Indian Lakes	Virginia Beach, VA	71,020	14,700	-	-	7.1%	1Q18	Harris Teeter, Wawa
Wendover Village Outparcel	Greensboro, NC	35,895	14,300	7,900	-	7.7%	3Q17	Panera, Rooms to Go Kids
Renaissance Square	Davidson, NC	80,468	17,085	-	-	7.1%	4Q16	Harris Teeter
Columbus Village II	Virginia Beach, VA	92,061	26,200	-	26,200	5.6%	4Q16	Regal, Bed Bath & Beyond
Southshore Shops	Midlothian, VA	40,333	9,160	-	2,475	7.8%	3Q16	Buffalo Wild Wings
Southgate Square	Colonial Heights, VA	220,131	38,585	-	17,485	7.3%	2Q16	PetSmart, Michael's, Burlington
Retail Portfolio (11 properties)	Mid-Atlantic	1,082,681	170,500	87,000	-	7.2%	1Q16	Harris Teeter, Bed Bath & Beyond
Providence Plaza	Charlotte, NC	103,118	26,200	14,000	-	7.3%	3Q15	Chipotle
Socastee Commons	Myrtle Beach, SC	57,573	8,600	3,600	-	7.3%	3Q15	BiLo
Columbus Village	Virginia Beach, VA	65,746	21,025	-	14,025	6.4%	3Q15	Barnes & Noble
Perry Hall Marketplace & Stone House Square	Maryland	182,949	39,555	15,200	4,155	7.4%	2Q15	Safeway & Weis Markets
Dimmock Square	Colonial Heights, VA	106,166	19,662	-	9,662	7.3%	3Q14	Old Navy, Best Buy, Pier 1
Total/Weighted Average		2,290,158	\$446,313	\$130,124	\$78,250	7.1%		

DISPOSITIONS

Properties	Location	Square Feet/Units	Sale Price	Cash Proceeds	Gain on Sale	Cash Cap Rate	Disposition Date	Anchor Tenants
Indian Lakes Wawa	Virginia Beach, VA	6,047	\$4,400	\$4,400	-	5.4%	2Q18	Wawa
Commonwealth of VA Buildings	Virginia Beach & Chesapeake, VA	47,366	13,150	8,000	4,194	6.8%	3Q17	Commonwealth of VA
Greentree Wawa	Chesapeake, VA	5,088	4,600	4,400	3,396	5.0%	1Q17	Wawa
Oyster Point ⁽⁴⁾	Newport News, VA	100,139	6,500	-	3,793	16.4%	3Q16	GSA
Non-Core Retail Portfolio	Various	174,758	12,850	12,600	(27)	7.1%	2Q16 - 3Q16	Kroger, Family Dollar
Richmond Tower	Richmond, VA	206,969	78,000	77,000	26,674	7.9%	1Q16	Williams Mullen
Oceaneering	Chesapeake, VA	154,000	30,000	10,000	4,987	6.7%	4Q15	Oceaneering International
Whetstone Apartments	Durham, NC	203 units	35,625	17,600	7,210	5.7%	2Q15	NA
Sentara Williamsburg	Williamsburg, VA	49,200	15,450	15,200	6,197	6.3%	1Q15	Sentara
Virginia Natural Gas	Virginia Beach, VA	31,000	8,900	7,400	2,211	6.3%	4Q14	Virginia Natural Gas
Total/Weighted Average		774,567 sf/ 203 units	\$209,475	\$156,600	\$58,635	7.2%		

(1) Contractual purchase price.

(2) Value of OP Units/Stock at issuance.

(3) Units are issuable contingent on the achievement of certain further occupancy requirements.

(4) Anchor tenant vacated 12/31/16, which would represent a 2.5% Cash Cap Rate.

Construction Business Summary

Highlighted Projects	Location	Total Contract Value	Work in Place as of 3/31/2019	Backlog	Estimated Date of Completion
Interlock Commercial	Atlanta, GA	\$85,909	\$5,937	\$79,972	4Q 2020
Solis Apartments at Interlock	Atlanta, GA	62,300	183	62,117	1Q 2021
Sub Total		148,209	6,120	142,089	
All Other Projects		367,060	348,278	18,782	
Total		<u>\$515,269</u>	<u>\$354,398</u>	<u>\$160,871</u>	

Gross Profit Summary

	Q1 2019	Trailing 12 Months ⁽¹⁾
	(Unaudited)	
Revenue	\$17,036	\$73,761
Expense	(16,286)	(67,500)
Gross Profit	\$750	\$6,261



(1) Includes gain on non-operating real estate of \$3.4M for the three months ended 12/31/18.

Same Store NOI by Segment

\$ in thousands

(Reconciliation to GAAP located in appendix on pg. 34)

	Three months ended			
	3/31/2019	3/31/2018	\$ Change	% Change
Office⁽¹⁾	(Unaudited)			
Revenue	\$5,326	\$5,100	\$226	4.4%
Expenses ⁽²⁾	1,859	1,859	-	0.0%
Net Operating Income	3,467	3,241	226	7.0%
Retail⁽¹⁾				
Revenue	14,604	14,568	36	0.2%
Expenses ⁽²⁾	3,406	3,327	79	2.4%
Net Operating Income	11,198	11,241	(43)	-0.4%
Multifamily⁽¹⁾				
Revenue	5,449	5,035	414	8.2%
Expenses ⁽²⁾	2,086	1,951	135	6.9%
Net Operating Income	3,363	3,084	279	9.0%
Same Store Net Operating Income (NOI)	<u>\$18,028</u>	<u>\$17,566</u>	<u>\$462</u>	<u>2.6%</u>
Net effect of straight-line rents	(\$596)	(518)	(78)	
Amortization of lease incentives and above (below) market rents	(\$6)	(32)	26	
Same store portfolio NOI, cash basis	<u>\$17,426</u>	<u>\$17,016</u>	<u>\$410</u>	<u>2.4%</u>
NOI, Cash Basis:				
Office	\$3,136	\$2,930	\$206	7.0%
Retail	11,028	11,067	(39)	-0.4%
Multifamily	3,262	3,019	243	8.0%
	<u>\$17,426</u>	<u>\$17,016</u>	<u>\$410</u>	<u>2.4%</u>
NOI:				
Office	\$3,467	\$3,241	\$226	7.0%
Retail	11,198	11,241	(43)	-0.4%
Multifamily	3,363	3,084	279	9.0%
	<u>\$18,028</u>	<u>\$17,566</u>	<u>\$462</u>	<u>2.6%</u>

(1) See page 31 for Same Store vs. Non – Same Store Properties.

(2) Excludes expenses associated with the Company's in house asset management division of \$472K and \$502K for the 3 months ended 3/31/2019 & 3/31/2018.

Top 10 Tenants by ABR

\$ in thousands
As of March 31, 2019

Office Portfolio

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent ⁽¹⁾	% of Office Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Clark Nexsen	1	2029	\$ 2,588	10.2%	2.4%
Wework	1	2034	2,204	8.7%	2.0%
Duke	1	2029	1,540	6.1%	1.4%
Mythics	1	2030	1,187	4.7%	1.1%
Hampton University	2	2019 - 2024	1,085	4.3%	1.0%
Pender & Coward	1	2030	904	3.6%	0.8%
Kimley-Horn	1	2027	876	3.5%	0.8%
Troutman Sanders	1	2025	872	3.4%	0.8%
The Art Institute	1	2019	869	3.4%	0.8%
City of Va Beach Development Authority	1	2024	744	2.9%	0.7%
Top 10 Total			\$ 12,869	50.8%	11.8%

Retail Portfolio

Tenant	Number of Leases	Lease Expiration	Annualized Base Rent ⁽¹⁾	% of Retail Portfolio Annualized Base Rent	% of Total Portfolio Annualized Base Rent
Harris Teeter/Kroger	11	2020 - 2036	\$ 6,188	10.9%	5.6%
Regal Cinemas	2	2022 - 2024	1,679	3.0%	1.5%
Bed, Bath, & Beyond	4	2020 - 2024	1,677	3.0%	1.5%
PetSmart	5	2020 - 2022	1,438	2.5%	1.3%
Food Lion	3	2019 - 2022	1,291	2.3%	1.2%
Lowes Foods, LLC	1	2037	930	1.6%	0.8%
Dick's Sporting Goods	1	2020	840	1.5%	0.8%
Weis Markets	1	2028	802	1.4%	0.7%
Ross Dress for Less	2	2022 - 2025	762	1.3%	0.7%
Petco	3	2020 - 2027	743	1.3%	0.7%
Top 10 Total			\$ 16,350	28.8%	14.8%

(1) Includes leases from the development properties that have been delivered, but not stabilized.

Office Lease Summary

Renewal Lease Summary

Quarter	Number of Leases Signed	Net Rentable SF Signed	Leases Expiring	Net Rentable SF Expiring	GAAP			Cash			Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
					Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Contractual Rent per SF	Prior Rent per SF	Releasing Spread			
Q1 2019	1	11,995	3	15,865	\$24.92	\$21.30	17.0%	\$23.76	\$23.18	2.5%	5.00	\$164,879	\$13.75
Q4 2018	3	5,490	2	1,915	26.13	24.97	4.6%	26.50	26.27	0.9%	3.86	165,800	30.20
Q3 2018	-	-	1	9,337	-	-	0.0%	-	-	0.0%	-	-	-
Q2 2018	3	28,910	6	13,225	28.88	28.41	1.7%	27.68	30.86	-10.3%	8.77	2,169,711	75.05

New Lease Summary⁽¹⁾

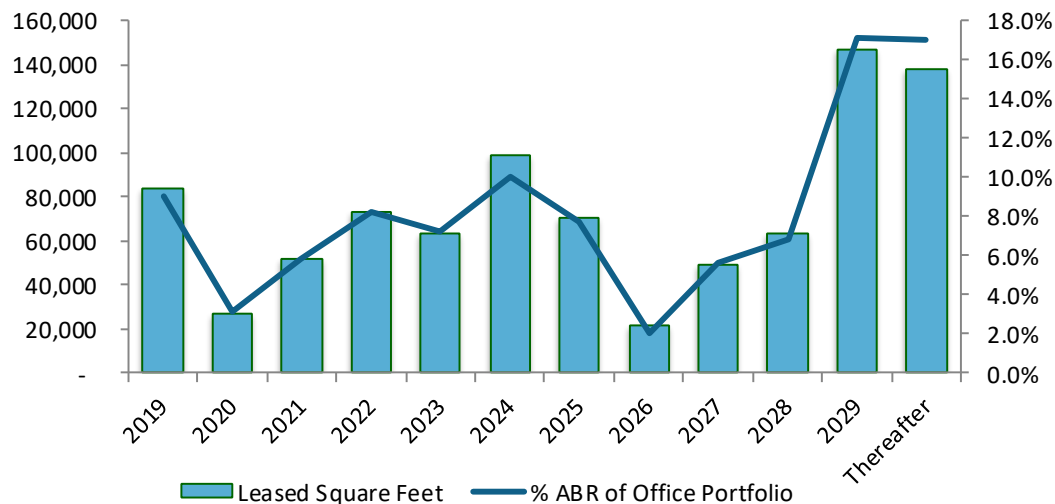
Quarter	Number of Leases Signed	Net Rentable SF Signed	Cash Contractual Rent per SF	Weighted Average Lease Term	TI & LC	TI & LC per SF
Q1 2019	4	15,889	\$25.07	4.88	\$498,213	\$31.36
Q4 2018	1	1,242	24.00	5.21	13,585	10.94
Q3 2018	1	1,806	26.00	5.00	14,958	8.28
Q2 2018	4	20,899	23.22	7.18	853,977	40.86

(1) Excludes leases from properties in development.

Office Lease Expirations

As of March 31, 2019

Year	Number of Leases Expiring	Square Footage of Leases Expiring ⁽¹⁾	% Portfolio Net Rentable Square Feet	Annualized Base Rent ⁽¹⁾	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	64,047	6.7%	\$ -	-	\$ -
M-T-M	4	1,753	0.2%	61,840	0.2%	35.28
2019	13	82,090	8.6%	2,284,057	9.0%	27.82
2020	8	26,537	2.8%	787,030	3.1%	29.66
2021	9	51,479	5.4%	1,468,956	5.8%	28.54
2022	9	73,394	7.7%	2,085,561	8.2%	28.42
2023	11	63,441	6.7%	1,830,270	7.2%	28.85
2024	7	98,813	10.4%	2,522,331	10.0%	25.53
2025	7	70,062	7.4%	1,955,315	7.7%	27.91
2026	5	21,966	2.3%	522,296	2.1%	23.78
2027	3	49,081	5.2%	1,421,603	5.6%	28.96
2028	6	63,319	6.7%	1,731,733	6.8%	27.35
2029	6	146,437	15.4%	4,322,180	17.1%	29.52
Thereafter	3	137,767	14.4%	4,295,567	17.0%	31.18
Total / Weighted Average	91	950,186	99.9%	\$ 25,288,739	100.0%	\$ 28.54



Square Feet Under Lease	% of Portfolio ABR
2,500 or less	3%
2,501-10,000	16%
10,001-20,000	25%
20,001-40,000	25%
40,001-100,000	30%
Office Portfolio Total	100%

(1) Includes leases from the development properties that have been delivered, but not stabilized.

Retail Lease Summary

Renewal Lease Summary

Quarter	Number of Leases Signed	Net Rentable SF Signed	Leases Expiring	Net Rentable SF Expiring	GAAP			Cash			Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
					Contractual Rent per SF	Prior Rent per SF	Releasing Spread	Contractual Rent per SF	Prior Rent per SF	Releasing Spread			
Q1 2019	24	128,088	11	30,729	\$16.08	\$15.25	5.5%	\$15.96	\$15.43	3.4%	5.36	\$123,414	\$0.96
Q4 2018	23	169,261	13	67,429	15.91	15.14	5.0%	15.78	15.36	2.8%	3.98	175,816	1.04
Q3 2018	10	28,101	11	19,775	29.36	27.23	7.8%	29.95	28.19	6.2%	5.23	115,732	4.12
Q2 2018	19	64,064	1	1,900	19.55	18.71	4.5%	19.33	19.13	1.0%	5.60	261,455	4.08

New Lease Summary⁽¹⁾

Quarter	Number of Leases Signed	Net Rentable SF Signed	Cash Contractual Rent per SF	Weighted Average Lease Term (yrs)	TI & LC	TI & LC per SF
Q1 2019	3	4,001	\$16.10	4.89	\$22,127	\$5.53
Q4 2018	7	60,363	15.09	10.83	2,710,665	44.91
Q3 2018	7	10,444	19.60	5.95	366,032	35.05
Q2 2018	9	29,646	25.08	8.63	1,041,670	35.14

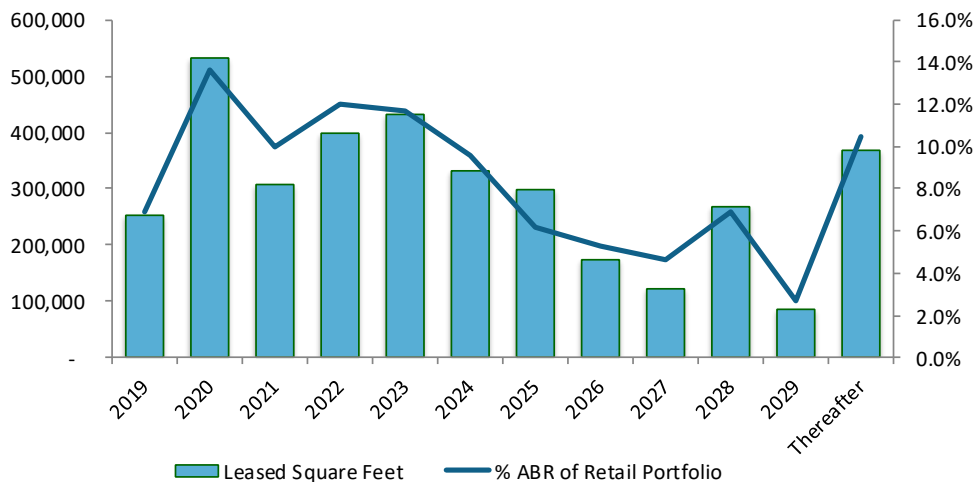


(1) Excludes leases from properties in development.

Retail Lease Expirations

As of March 31, 2019

Year	Number of Leases Expiring	Square Footage of Leases Expiring ⁽¹⁾	% Portfolio Net Rentable Square Feet	Annualized Base Rent ⁽¹⁾	% of Portfolio Annualized Base Rent	Annualized Base Rent per Leased Square Foot
Available	-	194,720	5.2%	\$ -	-	\$ -
M-T-M	1	1,400	-	25,550	-	18.25
2019	46	250,884	6.7%	3,931,611	6.9%	15.67
2020	76	533,662	14.2%	7,707,508	13.6%	14.44
2021	68	306,147	8.1%	5,668,873	10.0%	18.52
2022	62	398,538	10.6%	6,808,144	12.0%	17.08
2023	59	432,951	11.5%	6,642,818	11.7%	15.34
2024	51	330,492	8.8%	5,428,848	9.6%	16.43
2025	24	297,789	7.9%	3,515,541	6.2%	11.81
2026	22	172,745	4.6%	3,021,398	5.3%	17.49
2027	19	121,426	3.2%	2,627,999	4.6%	21.64
2028	24	266,508	7.1%	3,882,909	6.9%	14.57
2029	13	84,929	2.3%	1,542,976	2.7%	18.17
Thereafter	16	368,243	9.8%	5,865,861	10.5%	15.93
Total / Weighted Average	481	3,760,434	100.0%	\$ 56,670,034	100.0%	\$ 15.89



Square Feet Under Lease	% of Portfolio ABR
2,500 or less	13%
2,501-10,000	30%
10,001-20,000	16%
20,001-40,000	15%
40,001-100,000	24%
Greater than 100,000	2%
Retail Portfolio Total	100%

(1) Includes leases from properties in development.

An aerial photograph of a city, likely Atlanta, Georgia, featuring a large body of water (Lake Lanier) in the background, surrounded by dense green forest. The city skyline is visible in the foreground, with several prominent buildings, including a tall, pointed skyscraper. The image is overlaid with a semi-transparent blue gradient.

Appendix

Definitions & Reconciliations

NET OPERATING INCOME:

We calculate Net Operating Income (“NOI”) as property revenues (base rent, expense reimbursements and other revenue) less property expenses (rental expenses and real estate taxes). Other REITs may use different methodologies for calculating NOI, and accordingly, our NOI may not be comparable to such other REITs’ NOI. NOI is not a measure of operating income or cash flows from operating activities as measured by GAAP and is not indicative of cash available to fund cash needs. As a result, NOI should not be considered an alternative to cash flows as a measure of liquidity. We consider NOI to be an appropriate supplemental measure to net income because it assists both investors and management in understanding the core operations of our real estate business.

To calculate NOI on a cash basis, we adjust NOI to exclude the net effects of straight-line rent and the amortization of lease incentives and above/below market rents.

FUNDS FROM OPERATIONS:

We calculate Funds From Operations (“FFO”) in accordance with the standards established by the National Association of Real Estate Investment Trusts (“Nareit”). Nareit defines FFO as net income (loss) (calculated in accordance with accounting principles generally accepted in the United States (“GAAP”)), excluding depreciation and amortization related to real estate, gains or losses from the sale of certain real estate assets, gains and losses from change in control, and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity.

FFO is a supplemental non-GAAP financial measure. Management uses FFO as a supplemental performance measure because it believes that FFO is beneficial to investors as a starting point in measuring our operational performance. Specifically, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, which do not relate to or are not indicative of operating performance, FFO provides a performance measure that, when compared period-over-period, captures trends in occupancy rates, rental rates and operating costs. Other equity REITs may not calculate FFO in accordance with the Nareit definition as we do, and, accordingly, our FFO may not be comparable to such other REITs’ FFO.

NORMALIZED FUNDS FROM OPERATIONS:

We calculate Normalized Funds From Operations (“Normalized FFO”) as FFO calculated in accordance with the standards established by Nareit, adjusted for acquisition, development and other pursuit costs, gains or losses from the early extinguishment of debt, impairment of intangible assets and liabilities, mark-to-market adjustments on interest rate derivatives, severance related costs, and other non-comparable items.

Management believes that the computation of FFO in accordance to Nareit’s definition includes certain items that are not indicative of the results provided by the Company’s operating portfolio and affect the comparability of the Company’s period-over-period performance. Our calculation of Normalized FFO differs from Nareit’s definition of FFO. Other equity REITs may not calculate Normalized FFO in the same manner as us, and, accordingly, our Normalized FFO may not be comparable to other REITs’ Normalized FFO.

ADJUSTED FUNDS FROM OPERATIONS:

We calculate Adjusted Funds From Operations (“AFFO”) as Normalized FFO adjusted for the impact of non-cash stock compensation, tenant improvement, leasing commission and leasing incentive costs associated with second generation rental space, capital expenditures, non-cash interest expense, proceeds from the sale of a purchase option (in excess of amounts recognized in net income), straight-line rents, the amortization of leasing incentives and above (below) market rents and proceeds from government development grants.

Management believes that AFFO provides useful supplemental information to investors regarding our operating performance as it provides a consistent comparison of our operating performance across time periods and allows investors to more easily compare our operating results with other REITs. However, other REITs may use different methodologies for calculating AFFO or similarly entitled FFO measures and, accordingly, our AFFO may not always be comparable to AFFO or other similarly entitled FFO measures of other REITs.

ADJUSTED EBITDA:

We calculate Adjusted EBITDA as net income (loss) (calculated in accordance with GAAP), excluding interest expense, income taxes, depreciation and amortization, gains (or losses) from sales of depreciable operating property, impairment of real estate assets and mark-to-market adjustments on interest rate derivatives. Management believes Adjusted EBITDA is useful to investors in evaluating and facilitating comparisons of our operating performance between periods and between REITs by removing the impact of our capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from our operating results along with other non-comparable items.

CORE EBITDA:

We calculate Core EBITDA as EBITDA, excluding certain items, including, but not limited to, debt extinguishment losses, mark-to-market adjustments on interest rate derivatives, non-cash stock compensation and the impact of development pipeline projects that are still in lease-up. We generally consider a property to be in lease-up until the earlier of (i) the quarter after which the property reaches 80% occupancy or (ii) the thirteenth quarter after the property receives its certificate of occupancy. Management believes that Core EBITDA provides useful supplemental information to investors regarding our ongoing operating performance as it provides a consistent comparison of our operating performance across time periods and allows investors to more easily compare our operating results with other REITs. However, other REITs may use different methodologies for calculating Core EBITDA or similarly entitled measures and, accordingly, our Core EBITDA may not always be comparable to Core EBITDA or other similarly entitled measures of other REITs.

CORE DEBT:

We calculate Core Debt as our total debt, excluding loans associated with our development pipeline, cash & cash equivalents, and restricted cash.

Definitions

SAME STORE PORTFOLIO:

We define same store properties as those that we owned and operated and that were stabilized for the entirety of both periods compared. We generally consider a property to be stabilized upon the earlier of: (i) the quarter after the property reaches 80% occupancy or (ii) the thirteenth quarter after the property receives its certificate of occupancy. Additionally, any property that is fully or partially taken out of service for the purpose of redevelopment is no longer considered stabilized until the redevelopment activities are complete, the asset is placed back into service, and the stabilization criteria above are again met. A property may also be fully or partially taken out of service as a result of a disposition, depending on the significance of the portion of the property disposed. Finally, any property classified as Held for Sale is taken out of service for the purpose computing same store operating results. The following table shows the properties included in the same store and non-same store portfolio for the comparative periods presented.

Same Store vs. Non-Same Store Properties

	Three Months Ended 3/31/2019 to 2018	
	Same Store	Non-Same Store
<u>Retail Properties</u>		
249 Central Park Retail	X	
Alexander Pointe	X	
Bermuda Crossroads	X	
Broad Creek Shopping Center		X
Brooks Crossing (Retail)		X
Broadmoor Plaza	X	
Columbus Village	X	
Columbus Village II	X	
Commerce Street Retail	X	
Courthouse 7-Eleven	X	
Dick's at Town Center	X	
Dimmock Square	X	
Greentree Shopping Center	X	
Fountain Plaza Retail	X	
Gainsborough Square	X	
Hanbury Village	X	
Harper Hill Commons	X	
Harrisonburg Regal	X	
Indian Lakes Crossing		X
Lexington Square		X
Lightfoot Marketplace		X
North Hampton Market	X	
North Point Center	X	
Oakland Marketplace	X	
Parkway Centre		X
Parkway Marketplace	X	
Patterson Place	X	
Perry Hall Marketplace	X	
Premier Retail		X

	Three Months Ended 3/31/2019 to 2018	
	Same Store	Non-Same Store
<u>Retail Properties (Continued)</u>		
Providence Plaza	X	
Renaissance Square	X	
Sandbridge Commons	X	
Socastee Commons	X	
South Retail	X	
South Square	X	
Southgate Square	X	
Southshore Shops	X	
Stone House Square	X	
Studio 56 Retail	X	
Tyre Neck Harris Teeter	X	
Waynesboro Commons		X
Wendover Village	X	
Wendover Village Outparcel	X	
Wendover Village III		X
<u>Office Properties</u>		
4525 Main Street	X	
Armada Hoffler Tower	X	
One City Center		X
One Columbus	X	
Two Columbus	X	
<u>Multifamily Properties</u>		
Encore Apartments	X	
Greenside Apartments		X
Liberty Apartments	X	
Premier Apartments		X
Smith's Landing	X	
The Cosmopolitan		X
Johns Hopkins Village	X	

Reconciliation to Property Portfolio NOI

\$ in thousands

	Three months ended 3/31	
	2019	2018
<u>Office Same Store</u> ⁽¹⁾		
Rental revenues	\$5,326	\$5,100
Property expenses	1,859	1,859
NOI	3,467	3,241
Non-Same Store NOI ⁽²⁾	77	(94)
Segment NOI	\$3,544	\$3,147
 <u>Retail Same Store</u> ⁽¹⁾		
Rental revenues	\$14,604	\$14,568
Property expenses	3,406	3,327
NOI	11,198	11,241
Non-Same Store NOI ⁽²⁾	1,648	1,133
Segment NOI	\$12,846	\$12,374
 <u>Multifamily Same Store</u> ⁽¹⁾		
Rental revenues	\$5,449	\$5,035
Property expenses	2,086	1,951
NOI	3,363	3,084
Non-Same Store NOI ⁽²⁾	1,303	857
Segment NOI	\$4,666	\$3,941
 Total Property Portfolio NOI	\$21,056	\$19,462

(1) See page 32 for the Same Store vs. Non-Same Store properties

(2) Includes expenses associated with the company's in house asset management division.

Reconciliation to Property Portfolio NOI

\$ in thousands

Diversified Portfolio

NOI - Cash Basis
 Net effect of straight-line rents
 Amortization of lease incentives and (above) below market rents
 NOI

Town Center of Virginia Beach

NOI - Cash Basis
 Net effect of straight-line rents
 Amortization of lease incentives and (above) below market rents
 Elimination of AHH rent
 NOI

NOI

Diversified Portfolio
 Town Center of Virginia Beach
 Unstabilized Properties
Total Property Portfolio NOI

Three months ended 3/31/2019

Office	Retail	Multifamily	Total
\$0	\$10,338	\$2,560	\$12,898
0	154	113	267
-	177	(13)	164
\$0	\$10,669	\$2,660	\$13,329
\$3,287	\$2,125	\$1,661	\$7,073
403	(33)	27	397
(72)	(73)	-	(145)
(232)	(109)	-	(341)
\$3,386	\$1,910	\$1,688	\$6,984
\$0	\$10,669	\$2,660	\$13,329
3,386	1,910	1,688	6,984
158	267	318	743
\$3,544	\$12,846	\$4,666	\$21,056

Reconciliation to GAAP Net Income

\$ in thousands

	Three months ended 3/31/2019					
	Office	Retail	Multifamily	Total Rental Properties	General Contracting & Real Estate Services	Total
Segment revenues	\$ 5,556	\$ 17,257	\$ 8,096	\$ 30,909	\$ 17,036	\$ 47,945
Segment expenses	2,012	4,411	3,430	9,853	16,286	26,139
Net operating income	\$ 3,544	\$ 12,846	\$ 4,666	\$ 21,056	\$ 750	\$ 21,806
Depreciation and amortization						(9,904)
General and administrative expenses						(3,401)
Acquisition, development and other pursuit costs						(400)
Interest income						5,319
Interest expense						(5,886)
Equity in income of unconsolidated real estate entities						273
Change in fair value of interest rate derivatives						(1,463)
Other income (loss) benefit						60
Income tax benefit (provision)						110
Net income						<u>\$ 6,514</u>

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Ordinance

Continued from:

Requested Action (Identify appropriate Action or Motion)

ADOPT ORDINANCE APPROVING THE DEVELOPMENT OF REGIONAL IMPACT ABANDONMENT REQUEST (OT-85-18) SUBMITTED BY JOHN D. VOIGT, ESQ. ON BEHALF OF THE DESIGN CENTER OF THE AMERICAS FOR PROPERTY LOCATED AT 1855 GRIFFIN ROAD, IN THE CITY OF DANIA BEACH, FLORIDA, AS LEGALLY DESCRIBED IN EXHIBIT "A;" **(SECOND READING)**

Purchasing Requests ONLY

Dept:	Acct #:	Amt:
Fund:		

Fiscal Impact/Cost Summary

--

Exhibits Attached

CM DCOTA DRI Opt, SR DCOTA DRI Opt, O-2019-010 DCOTA DRI Abandonment Request (OT-85-18), DCOTA Location Map OPT, DCOTA DRI app & backup OPT



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

**CITY OF DANIA BEACH
COMMUNITY DEVELOPMENT DEPARTMENT
MEMORANDUM**

DATE: August 27, 2019

TO: Honorable Mayor and Commissioners

FROM: Ana M. Garcia, City Manager, ICMA-CM

VIA: Candido Sosa-Cruz, Assistant City Manager

BY: Marc C. LaFerrier, AICP, Director
Corinne Lajoie, AICP, Planning and Zoning Manager *Corinne Lajoie*

RE: **OT-85-18:** The applicant, John D. Voigt, Esq., on behalf of the property owners, is requesting Abandonment of a Development of Regional Impact (DRI) for the property located at 1855 Griffin Road (SECOND READING).

The Request

To allow abandonment of a Development of Regional Impact (DRI) prior to build-out.

Background

On July 30, 2019 the City Commission approved this request on first reading.

On June 25, 2018 the City Commission continued this item to the July 30, 2019 City Commission meeting at the applicant's request.

The original Development Order approved in 1984, Ordinance No. 20, has been amended twelve (12) times. The amendments are recorded as City of Dania Beach Ordinances: 4-84; 22-84; 05-87; 02-88; 23-90; 47-91; 04-96; 2000-017; 2000-051; 2002-022; 2007-031; and 2011-018.

Budgetary Impact

No budgetary impacts, as build-out of the site will continue to occur.

Recommendation

Approve with conditions.



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

**CITY OF DANIA BEACH
COMMUNITY DEVELOPMENT DEPARTMENT
STAFF REPORT**

DATE: August 27, 2019

TO: Ana M, Garcia, City Manager, ICMA-CM

VIA: Candido Sosa-Cruz, Assistant City Manager

FROM: Marc C. LaFerrier, AICP, Director
Corinne Lajoie, AICP, Planning and Zoning Manager *Corinne Lajoie*

RE: **OT-85-18:** The applicant, John D. Voigt, Esq., on behalf of the property owners, is requesting Abandonment of a Development of Regional Impact (DRI) for the property located at 1855 Griffin Road (SECOND READING).

The Request

To allow the abandonment of a Development of Regional Impact (DRI) prior to build-out.

Property Information

EXISTING ZONING: General Commercial District (C-4)
LAND USE DESIGNATION: Commercial

Code Violations

There are no Code Compliance violations on record for the subject property.

The subject property is located on the south side of Griffin Road, immediately east of Interstate 95. The property is the current location of the Design Center of the Americas (DCOTA).

The original Development Order establishing the DRI was Ordinance No. 20, which has been amended twelve (12) times. The amendments are recorded as City of Dania Beach Ordinances: 4-84; 22-84; 05-87; 02-88; 23-90; 47-91; 04-96; 2000-017; 2000-051; 2002-022; 2007-031; and 2011-018.

ABANDONMENT OF DRI

On April 8, 2018, Florida's Governor signed into law a bill that removed the requirements for monitoring reports to be submitted to the Florida State Department of Economic Opportunity

and the Regional Planning Councils. Monitoring reports are now only required to be submitted to the City. As a result of this new regulation, enforcement of DRI has been shifted to the cities.

DEVELOPMENT REVIEW COMMITTEE (DRC)

The abandonment of the DRI request was reviewed by the DRC on January 31, 2019 which includes personnel from the BSO Fire, Public Services, the City's Landscape consultant and Community Development Planning Division. The applicant has several outstanding staff comments which are provided below. These items are identified as requirements of the DIR that have not been complied with because the thresholds have not yet been reached to require compliance. As such, the remaining DRI requirements are listed as conditions of the Ordinance and are identified below.

1. The Monitoring Report for November 2015 – November 2018 identified the following items as not yet completed. Identify when the applicant proposed for these items to occur:
 - The City will withhold issuance of the respective certification of occupancy until the Applicant provides the City with a signed receipt or other documentary evidence indicating that the amount set forth below relating to the specific development approved by that certificate of occupancy has been paid to FDOT as provided below:
 - (2) Phase 3 Office Building (120,000 square feet) -\$45,640.60;
 - (3) Phase 4 Wholesale Showroom (190,1889 square feet) -\$27,711.35.
 - That, prior to the issuance of any building permit for the additional 200,000 square feet of office floor area associated with the December 14, 2011 NOPC, the City will consult with the appropriate water supplier to ensure that adequate water supplies that will serve the new development will be available no later than the anticipated date of the Certificate of Occupancy. Any determination that adequate water supplies will be available will require the demonstration that the consumptive use permit has been issued to the City with sufficient allocation available to serve the new development, given all other existing commitments for that allocation. The "sufficiency allocation" in the consumptive use permit shall be defined consistent with the permit's limiting conditions as they exist at the time of the building permit issuance. Permitted projects may be issued a Certificate of Occupancy only upon demonstration by the City that adequate water supply exists within the City's current legal allocation.
 - That, prior to the issuance of any building permit for the additional 200,000 square feet of office floor area associated with the December 14, 2011 NOPC, the development will remove and replace 60 feet of sidewalk on Griffin Road (SR 818), commencing 320 feet west of the cross walk and continuing west for 60 feet. The sidewalk shall be 6" thick with a maximum cross slope of 2 percent running slope to match the roadway slope. Pedestrian access to and from all buildings on site and connecting to the roadway sidewalk are to be addressed as required by ADA.

Recommendation

Approve the ordinance on first reading with the DRC comments a conditions of approval.

ORDINANCE NO. 2019-010

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, APPROVING THE DEVELOPMENT OF REGIONAL IMPACT ABANDONMENT REQUEST (OT-85-18) SUBMITTED BY JOHN D. VOIGT, ESQ. ON BEHALF OF THE DESIGN CENTER OF THE AMERICAS FOR PROPERTY LOCATED AT 1855 GRIFFIN ROAD, IN THE CITY OF DANIA BEACH, FLORIDA, AS LEGALLY DESCRIBED IN EXHIBIT "A;" PROVIDING FOR CONFLICTS; AND FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, pursuant to the City Code of Ordinances, Chapter 28 "Land Development Code" (the "LDC"), Part 6 "Development Review Procedures and Requirements," and Florida Statutes Section 380.6(11), John D. Voigt, Esq., on behalf of the Design Center of the Americas (the "Applicant"), has applied to the City of Dania Beach (the "City") for approval to abandon a Development of Regional Impact ("DRI") for the property located at 1855 Griffin Road (the "Property"), as legally described in Exhibit "A;" and

WHEREAS, City Ordinance No. 20 was adopted September 13, 1983 creating the DCOTA DRI; and

WHEREAS, pursuant to Florida Statutes Section 380.6(11), the City may abandon a DRI Development Order for an existing DRI upon request and showing that all required mitigation related to the amount of development which existed on the date of abandonment has been completed or will be completed under an existing permit or equivalent authorization issued by a government agency; and

WHEREAS, the Applicant has provided sufficient justification demonstrating compliance with the mitigation and the ongoing requirements of this section of the Florida Statutes; and

WHEREAS, public notice was provided in accordance with Article 610 of the LDC; and

WHEREAS, the City Commission finds that approval of the requested DRI Abandonment (OT-85-18) is consistent with the LDC and Comprehensive Plan.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That the foregoing "WHEREAS" clauses are ratified and confirmed as being true and correct and they are made a specific part of this Ordinance.

Section 2. That pursuant to Chapter 28, the “Land Development Code,” Part 6 “Development Review Procedures and Requirements,” and Florida Statute 380.06(11), the DRI Abandonment (OT-85-18) request, a copy of which is attached and made a part of this Ordinance as Exhibit “B” is approved subject to the following conditions:

1. All requirements of Florida Statute Section 380.06(11)(b), including required mitigation as determined by the City, as follows:

A. The City will withhold issuance of the respective Certificate of Occupancy (the “CO”) until the Applicant provides the City with a signed receipt or other documentary evidence indicating that the amount set forth below relating to the specific development approved by the Certificate of Occupancy has been paid to Florida Department of Transportation (FDOT) as provided below:

(1) Phase 3 Office Building (120,000 square feet) -\$45,640.60;

(2) Phase 4 Wholesale Showroom (190,889 square feet) -\$27,711.35.

B. That, prior to the issuance of any building permit for the additional 200,000 square feet of office floor area associated with the December 14, 2011, NOPC, the City will consult with the appropriate water supplier to ensure that adequate water supplies that will serve the new development will be available no later than the anticipated date of the Certificate of Occupancy. Any determination that adequate water supplies will be available will require the demonstration that a consumptive use permit has been issued to the City with sufficient allocation available to serve the new development, given all other existing commitments for that allocation. The “sufficiency allocation” in the consumptive use permit shall be defined consistent with the permit’s limiting conditions, as they exist at the time of the building permit issuance. Permitted projects may be issued a Certificate of Occupancy only upon demonstration by the City that adequate water supply exists within the City’s current legal allocation.

C. That, prior to the issuance of any building permit for the additional 200,000 square feet of office floor area associated with the December 14, 2011, NOPC, the developer will remove and replace sixty (60) feet of sidewalk on Griffin Road (SR 818), commencing 320 feet west of the cross walk and continuing west for sixty (60). The sidewalk shall be six (6) inches thick with a maximum cross slope of two (2) percent running slope to match the roadway slope. Pedestrian access to and from all buildings on site and connection to the roadway sidewalk are to be addressed as required by American Disability Act (ADA).

2. All development following the DRI Abandonment must be fully consistent with the City's current Comprehensive Plan and applicable zoning.

Section 3. That the issuance of a development permit by a municipality does not in any way create any right on the part of an Applicant to obtain a permit from a state or federal agency, and does not create any liability on the part of the municipality for issuance of the permit if the Applicant fails to obtain requisite approvals or does not fulfill the obligations imposed by a state or federal agency, or undertake actions that result in a violation of state or federal law.

Section 4. That all ordinances or parts of ordinances in conflict with this Ordinance are repealed to the extent of such conflict.

Section 5. That this Ordinance shall be in force and take effect immediately upon the recording by the City of a Notice of Abandonment pursuant to Florida Statute Section 28.222 with the Clerk of the Circuit Court of Broward County.

PASSED on first reading on July 30, 2019.

PASSED AND ADOPTED on second reading on August 27, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

**EXHIBIT “A”
LEGAL DESCRIPTION**

ALL OF PARCEL “A” DESIGN CENTER HOTEL/OFFICE COMPLEX, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 118, PAGE 11, OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA.

SAID LANDS LYING IN THE CITY OF DANIA BEACH, BROWARD COUNTY, FLORIDA, CONTAINING 12.86 ACRES, MORE OR LESS.

TOGETHER WITH:

ALL OF PARCEL “A” DESIGN CENTER OF THE AMERICAS, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 119, PAGE 32, OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA.

SAID LANDS LYING IN THE CITY OF DANIA BEACH, BROWARD COUNTY, FLORIDA, CONTAINING 30.9177 ACRES, MORE OR LESS.

Please note:

The acreages listed here for both parcels do NOT include the acreage from the plat that has been dedicated for Right-of-Way.

EXHIBIT “B”
DRI ABANDONMENT REQUEST (OT-85-18)

LOCATION MAP

OT-85-18

DCOTA DRI ABANDONMENT

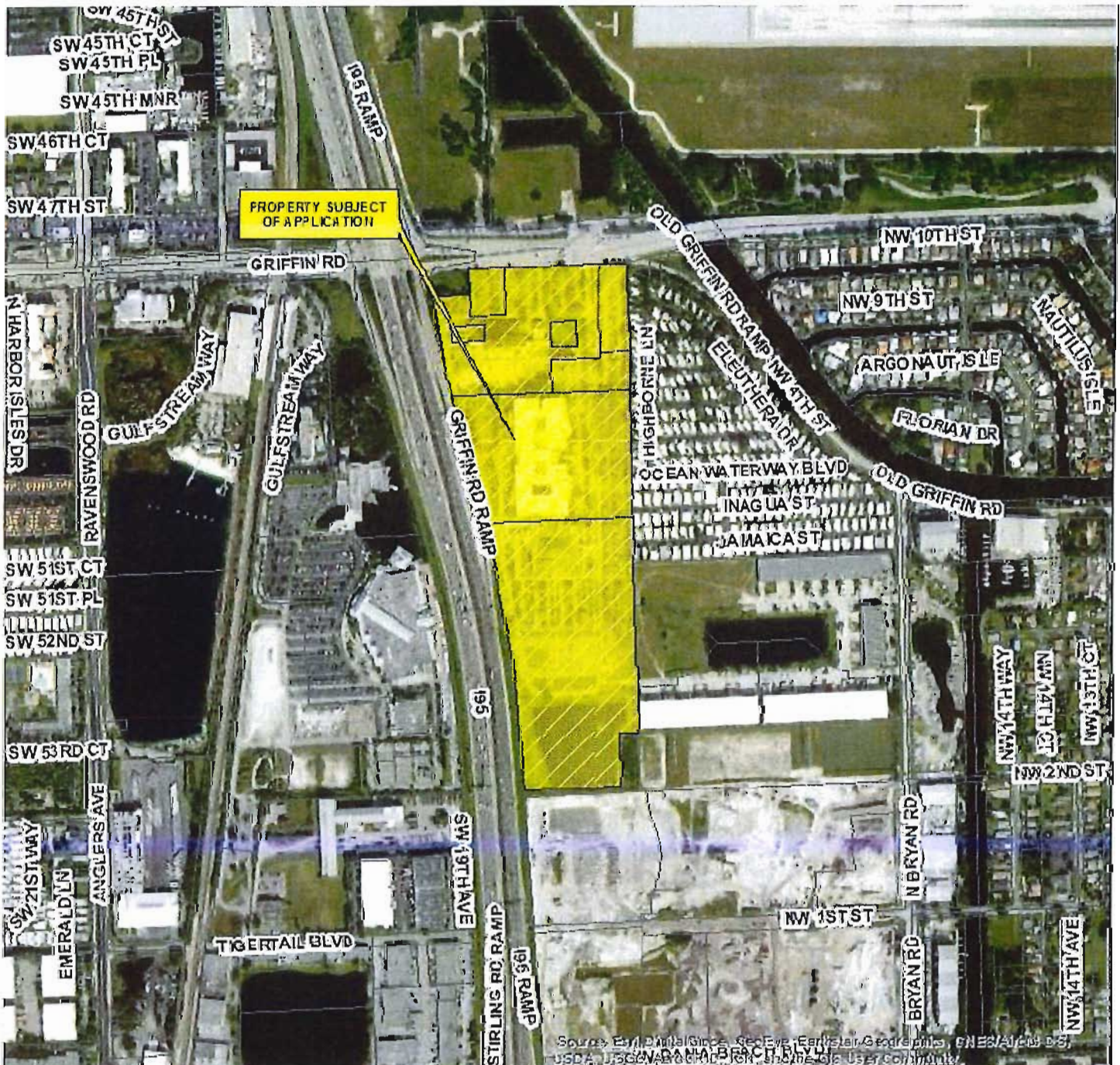
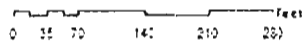
1855 GRIFFIN ROAD



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

Legend

☐ SUBJECT PROPERTY



[illegible]

Corinne
Dec Notes

DCOTA DRI Abandonment request OT-85-18

1-23-19

Zoning designation = C-2/C-4

FLU designation = Commercial

REVIEW COMPLETE BY Corinne Lajoie (954) 924-6805 X 3704

1. **TRAFFIC STUDY:** per Section 605-30(K), a traffic study is required for all development generating in excess of 50 peak hour trips. Provide estimated number of peak trips.

2. **Must provide latest revised set of plans on disk prior to going to public hearing.**

3. Applicant must obtain a statement from the City Engineer saying that the existing traffic circulation on and off site is sufficient and acceptable prior to public hearing.

Current existing condition @ Capacity.

4. Please e-mail resolution and legal description, prepared by an attorney, for development approval in word format to clajoie@daniabeachfl.gov four (4) weeks prior to public hearing.

Ordinance

5. Applicant must provide the results of a Municipal Lien Search Request from the Finance Department stating that there are not outstanding Code Violations or Liens on the property prior to the item being scheduled for a public hearing. The statement must be no older than 90 days prior to the public hearing date. Per Section 680-40, any property with outstanding Code Violations or Liens shall not be scheduled for public hearing. The form is available on the City's Web site, cost \$100 and takes 5 days to process.

6. Revise Monitoring Report to identify what is and what is not constructed from the DRI.

See Exhibit C on pg 14 of Existing Site Plan exhibit to be updated.

7. Revised Monitoring Report must be signed and sealed by an engineer or attorney confirming the information is accurate and complete.

Is affidavit sufficient?

8. The Monitoring Report for November 2015 – November 2018 identified the following items as not yet completed. Identify when the applicant proposes for these items to occur:

- The City will withhold issuance of the respective certification of occupancy until the Applicant provides the City with a signed receipt or other documentary evidence indicating that the amount set forth below relating to the specific development approved by that certificate of occupancy has been paid to FDOT as provided below:
 - (1) Phase 3 Wholesale showroom (260,000 square feet) -\$37,493.46;
 - (2) Phase 3 Office Building (120,000 square feet) -\$45,640.60;
 - (3) Phase 4 Wholesale Showroom (190,889 square feet) -\$27,711.35.

The applicant has paid FDOT the required \$37,493.46 described in Item V(1). The contributions described in Items V(2) and V(3) are not yet due (not constructed).

- That, prior to the issuance of any building permit for the additional 200,000 square feet of office floor area associated with the December 14, 2011 NOPC, the City will consult with the appropriate water supplier to ensure that adequate water supplies that will serve the new development will be available no later than the anticipated date of the Certificate of Occupancy. Any determination that adequate water supplies will be available will require the demonstration that the consumptive use permit has been issued to the City with sufficient allocation available to serve the new development, given all other existing commitments for that allocation. The "sufficiency allocation" in the consumptive use permit shall be defined consistent with the permit's limiting conditions as they exist at the time of the building permit issuance. Permitted projects may be issued a Certificate of Occupancy only upon demonstration by the City that adequate water supply exists within the City's current legal allocation.

Threshold has not been reached, no action is required.

Marc

Marc?

- That, prior to the issuance of any building permit for the additional 200,000 square feet of office floor area associated with the December 14, 2011 NOPC, the development will remove and replace 60 feet of sidewalk on Griffin Road (SR 818), commencing 320 feet west of the cross walk and continuing west for 60 feet. The sidewalk shall be 6" thick with a maximum cross slope of 2 percent running slope to match the roadway slope. Pedestrian access to and from all buildings on site and connecting to the roadway sidewalk are to be addressed as required by ADA.
Threshold has not been reached, no action is required.

Developers Agreement for future commitments?

- Process - does the ordinance have to go to P & Z first then City Com.

Conditions of Approval

- ① FDOT — Re: 0-47-91
Would FDOT accept \$ payments.
is a CPT required?

Kristin to contact FDOT

- ② Section 5 (see Monitoring Report page 28)
Sidewalk.

Lajoie, Corinne

From: John Voigt <jdvoigt@aol.com>
Sent: Thursday, July 11, 2019 3:42 PM
To: Lajoie, Corinne
Cc: Kristen.Nowicki@kci.com
Subject: Re: DCOTA DRI
Attachments: Warning Printout.pdf

Good Afternoon Corinne,

I have spoken to the client about the pending code violation and they indicate that the tenant had a dispute with the contractor when the build-out of the space was 99% complete and the contractor walked off the job. The tenant has had to hire a new contractor to substitute the old contractor and finish the work and have the necessary inspections to get the C.O. Once this is completed, they have the necessary floor plan to obtain the Business Tax Receipt. They are hopeful that this will be completed well in advance of the July 30 city commission meeting date.

In the meantime, code enforcement advises us that it is not an actual violation but a warning only that was issued on June 25. Attached is a copy of that printout. My reading of Section 680-40 of the city code indicates the matter may not be scheduled for a public hearing if there is any delinquent financial payment due to the city or a lien on the property, neither of which is the case here. In 680-40(B) it states that if the "applicant or property owner has been cited for any code violations that have not been placed into compliance" then the matter may not be scheduled for a hearing. I would suggest that if only a warning was issued then there has been no code citation that should prohibit the scheduling for the city commission. Obviously, we would agree that any approval it would be contingent upon and not effective until the code matter was fully resolved to the city's satisfaction.

The unfortunate reality of the situation is that when you have numerous tenants, something like this could arise at any time when it is not the act or fault of the owner, but it is merely the owner's responsibility. I will keep you updated on the tenant's progress, since we are not able to actually remedy this ourselves. Please contact me should you have any questions.

John D. Voigt, Esq.
Doumar Allsworth et al
1177 SE 3rd Ave.
Fort Lauderdale, Fl. 33316-1109
(954) 762-3400 (office)
(954) 651-5444 (mobile)
(866) 242-9488 (toll free)
(954) 468-1469 (fax)

-----Original Message-----

From: Lajoie, Corinne <clajoie@daniabeachfl.gov>
To: John Voigt <jdvoigt@aol.com>
Cc: Kristen.Nowicki@kci.com <Kristen.Nowicki@kci.com>
Sent: Wed, Jul 10, 2019 2:11 pm
Subject: RE: DCOTA DRI

Good afternoon.

Last month the City Commission continued this item to the July 30th City Commission meeting. As such, I need your revisions by Monday, July 15th so we can process and send it to the City Manager by Friday the 19th. Thank you.

From: John Voigt [<mailto:jdvoigt@aol.com>]
Sent: Friday, June 28, 2019 3:51 PM
To: Lajoie, Corinne

Cc: Kristen.Nowicki@kci.com

Subject: DCOTA DRI

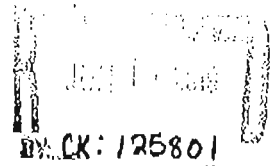
Corinne,

Attached is a copy of the eight Municipal Lien Search Request forms returned from the city. It appears that there are no liens on any of the eight parcels, although the seventh one in the list references a pending code violation. We have spoken to the code officer and attached is the printout. Apparently the tenant, Armazeh Design, in the main showroom building does not have a Business Tax Receipt. The management has spoken to the tenant and they are in the process of correcting this. Is there anything further you need on this?

John D. Voigt, Esq.
Doumar Allsworth et al
1177 SE 3rd Ave.
Fort Lauderdale, Fl. 33316-1109
(954) 762-3400 (office)
(954) 651-5444 (mobile)
(866) 242-9488 (toll free)
(954) 468-1469 (fax)



City of Dania Beach
 100 W Dania Beach Blvd
 Dania Beach, FL 33004
 954-924-8800 x3401 FAX: 954-922-8619
Municipal Lien Search Request



\$100.00 Fee per Lien Search, Processing Time 5 Business Days

ALL REQUESTS MUST BE ACCOMPANIED BY A CHECK WITH THE APPROPRIATE FEE FOR EACH INDIVIDUAL TAX FOLIO NUMBER. COMPLETED REQUESTS WILL BE RETURNED VIA FAX OR E-MAIL. PLEASE SEND A SELF ADDRESSED STAMPED ENVELOPE IF YOU WISH TO RECEIVE THE ORIGINAL COPY OF A SEARCH. UPDATES CAN BE PROVIDED BY FAX OR E-MAIL IF REQUESTED AT LEAST 24 HOURS BEFORE CLOSING.

PLEASE PROVIDE THE FOLLOWING INFORMATION:

DATE REQUESTED: 6/19/19 FROM: John D. Voigt, Esquire
 PHONE: 954-762-3400 1177 S.E. 3rd Avenue
 FAX: 954-468-1469 Fort Lauderdale, FL 33316
 EMAIL: jdvoigt@aol.com
 PROPERTY FOLIO #: 5042 33 36 0013
 PROPERTY ADDRESS: 1805 Griffin Road, Dania Beach, FL 33004
 SELLER'S NAME: 1805 Griffin Road LLC

CITY OF DANIA BEACH WILL COMPLETE THE FOLLOWING INFORMATION:

N/A Vacant lot

UTILITY ACCOUNT INFORMATION:

☐ THIS PROPERTY IS NOT SERVICED BY CITY OF DANIA BEACH WATER UTILITY. THE PROPERTY MAY BE SERVICED BY BROWARD COUNTY, THE CITY OF FORT LAUDERDALE OR THE CITY OF HOLLYWOOD.

☐ THIS PROPERTY IS SERVICED BY A MASTER WATER METER. PLEASE CONTACT THE ASSOCIATION FOR ADDITIONAL INFORMATION.

ACCT. #: _____ AMOUNT DUE: \$ _____ DEPOSIT: \$ _____ ACCOUNT CURRENT (YONO)

ACCT. #: _____ AMOUNT DUE: \$ _____ DEPOSIT: \$ _____ ACCOUNT CURRENT (YONO)

ACCT. #: _____ AMOUNT DUE: \$ _____ DEPOSIT: \$ _____ ACCOUNT CURRENT (YONO)

ADDITIONAL INFORMATION: _____

OTHER BALANCES/ACCOUNTS DUE:

☐ CODE VIOLATION: CASE# _____ CONTACT CODE ENFORCEMENT @ 954-924-8810

☒ OPEN BUILDING PERMITS MAY EXIST ON THIS PROPERTY. CONTACT BUILDING & ZONING @ 954-924-8805 or 954-924-8800 x3633

☐ A BUSINESS TAX RECEIPT MAY BE REQUIRED FOR THIS PROPERTY. CONTACT THE BUSINESS TAX DIV. 954-924-8800 x3401

☐ OTHER AMOUNTS DUE/PENDING. _____

PROPERTY AS REFERENCED IS CLEAR OF LIENS PLACED BY THE CITY OF DANIA BEACH: YONO

☐ PLEASE SEE ATTACHED LIEN CALCULATION(S)

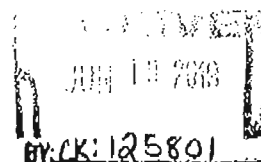
SPECIAL ASSESSMENTS ARE ON TAX BILLS FROM THE COUNTY.

DISCLAIMER OF LIABILITY: THE PERFORMANCE OF THE LIEN SEARCH BY THE CITY OF DANIA BEACH WILL NOT RELIEVE THE REQUESTING PARTY FROM THE RESPONSIBILITY OF SEARCHING THE PUBLIC RECORDS OF BROWARD COUNTY. FOR ANY AND ALL LIENS OR OTHER DOCUMENTS RECORDED BY THE CITY OF DANIA BEACH AGAINST THE PROPERTY AND/OR PROPERTY OWNER. THE FOREGOING INFORMATION IS BELIEVED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY THE CITY OF DANIA BEACH. IN NO EVENT SHALL THE CITY OF DANIA BEACH BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES, OF ANY KIND OF NATURE WHATSOEVER, ARISING OUT OF, OR IN CONNECTION WITH THE PROVISION OF THIS INFORMATION. THIS INFORMATION IS SUBJECT TO CHANGE WITHOUT NOTICE.

PREPARED BY: R. Icenhour DATE: 6/24/2019



City of Dania Beach
 100 W Dania Beach Blvd
 Dania Beach, FL 33004
 954-924-6800 x3401 FAX: 954-922-5619
Municipal Lien Search Request



\$100.00 Fee per Lien Search, Processing Time 5 Business Days

ALL REQUESTS MUST BE ACCOMPANIED BY A CHECK WITH THE APPROPRIATE FEE FOR EACH INDIVIDUAL TAX FOLIO NUMBER. COMPLETED REQUESTS WILL BE RETURNED VIA FAX OR E-MAIL. PLEASE SEND A SELF ADDRESSED STAMPED ENVELOPE IF YOU WISH TO RECEIVE THE ORIGINAL COPY OF A SEARCH. UPDATES CAN BE PROVIDED BY FAX OR E-MAIL IF REQUESTED AT LEAST 24 HOURS BEFORE CLOSING.

PLEASE PROVIDE THE FOLLOWING INFORMATION:

DATE REQUESTED: 6/19/19 FROM: John D. Voigt Esquire
 PHONE: 954-762-3400 1177 S.E. 3rd Avenue
 FAX: 954-468-1469 Fort Lauderdale, FL 33316
 EMAIL: jdvoigt@aol.com Attorney for Owner
 PROPERTY FOLIO #: 5042 33 36 0014
 PROPERTY ADDRESS: 1835 Griffin Road, Dania Beach, FL 33004
 SELLER'S NAME: 1835 Griffin Road LLC

CITY OF DANIA BEACH WILL COMPLETE THE FOLLOWING INFORMATION:

UTILITY ACCOUNT INFORMATION:

☐ THIS PROPERTY IS NOT SERVICED BY CITY OF DANIA BEACH WATER UTILITY. THE PROPERTY MAY BE SERVICED BY BROWARD COUNTY, THE CITY OF FORT LAUDERDALE OR THE CITY OF HOLLYWOOD.
☐ THIS PROPERTY IS SERVICED BY A MASTER WATER METER. PLEASE CONTACT THE ASSOCIATION FOR ADDITIONAL INFORMATION.
 ACCT. #: _____ AMOUNT DUE: \$ _____ DEPOSIT: \$ _____ ACCOUNT CURRENT (YONQ)
 ACCT. #: _____ AMOUNT DUE: \$ _____ DEPOSIT: \$ _____ ACCOUNT CURRENT (YONQ)
 ACCT. #: _____ AMOUNT DUE: \$ _____ DEPOSIT: \$ _____ ACCOUNT CURRENT (YONQ)

ADDITIONAL INFORMATION:

OTHER BALANCES/ACCOUNTS DUE:

☐ CODE VIOLATION: CASE# _____ CONTACT CODE ENFORCEMENT @ 954-924-8810
☒ OPEN BUILDING PERMITS MAY EXIST ON THIS PROPERTY. CONTACT BUILDING & ZONING @ 954-924-6808 or 954-924-6800 x3833
☐ A BUSINESS TAX RECEIPT MAY BE REQUIRED FOR THIS PROPERTY. CONTACT THE BUSINESS TAX DIV. 954-924-6800 x3401
☐ OTHER AMOUNTS DUE/PENDING. _____

PROPERTY AS REFERENCED IS CLEAR OF LIENS PLACED BY THE CITY OF DANIA BEACH: (YONQ)

☐ PLEASE SEE ATTACHED LIEN CALCULATION(S)

SPECIAL ASSESSMENTS ARE ON TAX BILLS FROM THE COUNTY.

DISCLAIMER OF LIABILITY: THE PERFORMANCE OF THE LIEN SEARCH BY THE CITY OF DANIA BEACH WILL NOT RELIEVE THE REQUESTING PARTY FROM THE RESPONSIBILITY OF SEARCHING THE PUBLIC RECORDS OF BROWARD COUNTY, FOR ANY AND ALL LIENS OR OTHER DOCUMENTS RECORDED BY THE CITY OF DANIA BEACH AGAINST THE PROPERTY AND/OR PROPERTY OWNER. THE FOREGOING INFORMATION IS BELIEVED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY THE CITY OF DANIA BEACH. IN NO EVENT SHALL THE CITY OF DANIA BEACH BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES, OF ANY KIND OF NATURE WHATSOEVER, ARISING OUT OF, OR IN CONNECTION WITH THE PROVISION OF THIS INFORMATION. THIS INFORMATION IS SUBJECT TO CHANGE WITHOUT NOTICE.

PREPARED BY: R. Icenhour

DATE: 6/26/2019

Jun. 26. 2019 4:04PM

City of Dania Beach

No. 8683 P. 3/8



City of Dania Beach
100 W Dania Beach Blvd
Dania Beach, FL 33004
954-924-6800 x3401 FAX: 954-922-5819
Municipal Lien Search Request

\$100.00 Fee per Lien Search, Processing Time 5 Business Days

ALL REQUESTS MUST BE ACCOMPANIED BY A CHECK WITH THE APPROPRIATE FEE FOR EACH INDIVIDUAL TAX FOLIO NUMBER. COMPLETED REQUESTS WILL BE RETURNED VIA FAX OR E-MAIL. PLEASE SEND A SELF ADDRESSED STAMPED ENVELOPE IF YOU WISH TO RECEIVE THE ORIGINAL COPY OF A SEARCH. UPDATES CAN BE PROVIDED BY FAX OR E-MAIL IF REQUESTED AT LEAST 24 HOURS BEFORE CLOSING.

PLEASE PROVIDE THE FOLLOWING INFORMATION:

DATE REQUESTED: 6/19/19 FROM: John D. Voigt, Esquire
PHONE: 954-762-3400 1177 S.E. 3rd Avenue
FAX: 954-468-1469 Fort Lauderdale, FL 33316
EMAIL: jdvoigt@aol.com Attorney for Owner
PROPERTY FOLIO #: 5042 33 36 0015
PROPERTY ADDRESS: 1835 Griffin Road, Dania Beach, FL 33004
SELLER'S NAME: 1835 Griffin Road LLC

CITY OF DANIA BEACH WILL COMPLETE THE FOLLOWING INFORMATION:

UTILITY ACCOUNT INFORMATION:

☐ THIS PROPERTY IS NOT SERVICED BY CITY OF DANIA BEACH WATER UTILITY. THE PROPERTY MAY BE SERVICED BY BROWARD COUNTY, THE CITY OF FORT LAUDERDALE OR THE CITY OF HOLLYWOOD.

☐ THIS PROPERTY IS SERVICED BY A MASTER WATER METER. PLEASE CONTACT THE ASSOCIATION FOR ADDITIONAL INFORMATION.

ACCT. #: AMOUNT DUE: \$ DEPOSIT: \$ ACCOUNT CURRENT (YONO)
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ACCT. #: AMOUNT DUE: \$ DEPOSIT: \$ ACCOUNT CURRENT (YONO)

ADDITIONAL INFORMATION:

OTHER BALANCES/ACCOUNTS DUE:

- ☐ CODE VIOLATION: CASE# CONTACT CODE ENFORCEMENT @ 954-924-8810
☒ OPEN BUILDING PERMITS MAY EXIST ON THIS PROPERTY. CONTACT BUILDING & ZONING @ 954-924-8805 or 954-924-8800 x3033
☐ A BUSINESS TAX RECEIPT MAY BE REQUIRED FOR THIS PROPERTY. CONTACT THE BUSINESS TAX DIV. 954-924-6800 x3401
☐ OTHER AMOUNTS DUE/PENDING.

PROPERTY AS REFERENCED IS CLEAR OF LIENS PLACED BY THE CITY OF DANIA BEACH: (YONO)

☐ PLEASE SEE ATTACHED LIEN CALCULATION(S)

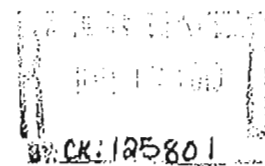
SPECIAL ASSESSMENTS ARE ON TAX BILLS FROM THE COUNTY.

DISCLAIMER OF LIABILITY: THE PERFORMANCE OF THE LIEN SEARCH BY THE CITY OF DANIA BEACH WILL NOT RELIEVE THE REQUESTING PARTY FROM THE RESPONSIBILITY OF SEARCHING THE PUBLIC RECORDS OF BROWARD COUNTY, FOR ANY AND ALL LIENS OR OTHER DOCUMENTS RECORDED BY THE CITY OF DANIA BEACH AGAINST THE PROPERTY AND/OR PROPERTY OWNER. THE FOREGOING INFORMATION IS BELIEVED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY THE CITY OF DANIA BEACH. IN NO EVENT SHALL THE CITY OF DANIA BEACH BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES, OF ANY KIND OF NATURE WHATSOEVER, ARISING OUT OF, OR IN CONNECTION WITH THE PROVISION OF THIS INFORMATION. THIS INFORMATION IS SUBJECT TO CHANGE WITHOUT NOTICE.

PREPARED BY: R. Icenhour DATE: 6/26/2019



City of Dania Beach
 100 W Dania Beach Blvd
 Dania Beach, FL 33004
 954-924-6800 x3401 FAX: 954-922-5619
Municipal Lien Search Request



\$100.00 Fee per Lien Search, Processing Time 5 Business Days

ALL REQUESTS MUST BE ACCOMPANIED BY A CHECK WITH THE APPROPRIATE FEE FOR EACH INDIVIDUAL TAX FOLIO NUMBER. COMPLETED REQUESTS WILL BE RETURNED VIA FAX OR E-MAIL. PLEASE SEND A SELF ADDRESSED STAMPED ENVELOPE IF YOU WISH TO RECEIVE THE ORIGINAL COPY OF A SEARCH. UPDATES CAN BE PROVIDED BY FAX OR E-MAIL IF REQUESTED AT LEAST 24 HOURS BEFORE CLOSING.

PLEASE PROVIDE THE FOLLOWING INFORMATION:

DATE REQUESTED: 6/19/19 FROM: John D. Voigt, Esquire
 PHONE: 954-762-3400 1177 S.E. 3rd Avenue
 FAX: 954-468-1469 Fort Lauderdale, FL 33316
 EMAIL: jdvoigt@aol.com Attorney for Owner
 PROPERTY FOLIO #: 5042 33 36 0011
 PROPERTY ADDRESS: 1805 Griffin Road, Dania Beach, FL 33004
 SELLER'S NAME: 1805 Griffin Road LLC

CITY OF DANIA BEACH WILL COMPLETE THE FOLLOWING INFORMATION:

UTILITY ACCOUNT INFORMATION:

- N/A - Parking Lot

☐ THIS PROPERTY IS NOT SERVICED BY CITY OF DANIA BEACH WATER UTILITY. THE PROPERTY MAY BE SERVICED BY BROWARD COUNTY, THE CITY OF FORT LAUDERDALE OR THE CITY OF HOLLYWOOD.

☐ THIS PROPERTY IS SERVICED BY A MASTER WATER METER. PLEASE CONTACT THE ASSOCIATION FOR ADDITIONAL INFORMATION.

ACCT. #: AMOUNT DUE: \$ DEPOSIT: \$ ACCOUNT CURRENT (YONO)

ACCT. #: AMOUNT DUE: \$ DEPOSIT: \$ ACCOUNT CURRENT (YONO)

ACCT. #: AMOUNT DUE: \$ DEPOSIT: \$ ACCOUNT CURRENT (YONO)

ADDITIONAL INFORMATION:

OTHER BALANCES/ACCOUNTS DUE:

☐ CODE VIOLATION: CASE# CONTACT CODE ENFORCEMENT @ 954-924-8810

☒ OPEN BUILDING PERMITS MAY EXIST ON THIS PROPERTY. CONTACT BUILDING & ZONING @ 954-924-8808 or 954-924-6800 x3633

☐ A BUSINESS TAX RECEIPT MAY BE REQUIRED FOR THIS PROPERTY. CONTACT THE BUSINESS TAX DIV. 954-924-6800 x3401

☐ OTHER AMOUNTS DUE/PENDING.

PROPERTY AS REFERENCED IS CLEAR OF LIENS PLACED BY THE CITY OF DANIA BEACH: (YONO)

☐ PLEASE SEE ATTACHED LIEN CALCULATION(S)

SPECIAL ASSESSMENTS ARE ON TAX BILLS FROM THE COUNTY.

DISCLAIMER OF LIABILITY: THE PERFORMANCE OF THE LIEN SEARCH BY THE CITY OF DANIA BEACH WILL NOT RELIEVE THE REQUESTING PARTY FROM THE RESPONSIBILITY OF SEARCHING THE PUBLIC RECORDS OF BROWARD COUNTY, FOR ANY AND ALL LIENS OR OTHER DOCUMENTS RECORDED BY THE CITY OF DANIA BEACH AGAINST THE PROPERTY AND/OR PROPERTY OWNER. THE FOREGOING INFORMATION IS BELIEVED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY THE CITY OF DANIA BEACH. IN NO EVENT SHALL THE CITY OF DANIA BEACH BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES, OF ANY KIND OF NATURE WHATSOEVER, ARISING OUT OF, OR IN CONNECTION WITH THE PROVISION OF THIS INFORMATION. THIS INFORMATION IS SUBJECT TO CHANGE WITHOUT NOTICE.

PREPARED BY: R. Ikenhour DATE: 6/26/2019

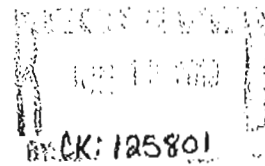
Jun. 26. 2019 4:05PM

City of Dania Beach

No. 8683 P. 5/8



City of Dania Beach
100 W Dania Beach Blvd
Dania Beach, FL 33004
954-924-8800 x3401 FAX: 954-922-5619
Municipal Lien Search Request



\$100.00 Fee per Lien Search, Processing Time 5 Business Days

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PHONE: 954-762-3400 1177 S.E. 3rd Avenue
FAX: 954-468-1469 Fort Lauderdale, FL 33316
EMAIL: jdvoigt@aol.com Attorney for Owner
PROPERTY FOLIO #: 5042 33 36 0010
PROPERTY ADDRESS: 1855 Griffin Road, Dania Beach, FL 33004
SELLER'S NAME: Cohen Dania Beach Hotel LLC

CITY OF DANIA BEACH WILL COMPLETE THE FOLLOWING INFORMATION:

UTILITY ACCOUNT INFORMATION:

☐ THIS PROPERTY IS NOT SERVICED BY CITY OF DANIA BEACH WATER UTILITY. THE PROPERTY MAY BE SERVICED BY BROWARD COUNTY, THE CITY OF FORT LAUDERDALE OR THE CITY OF HOLLYWOOD.

☐ THIS PROPERTY IS SERVICED BY A MASTER WATER METER. PLEASE CONTACT THE ASSOCIATION FOR ADDITIONAL INFORMATION.

ACCT. #: 53043-003 AMOUNT DUE: \$4,130.⁰⁰ DEPOSIT: \$1,245.⁰⁰ ACCOUNT CURRENT (Y/N) O

ACCT. #: _____ AMOUNT DUE: \$ _____ DEPOSIT: \$ _____ ACCOUNT CURRENT (Y/N) O

ACCT. #: _____ AMOUNT DUE: \$ _____ DEPOSIT: \$ _____ ACCOUNT CURRENT (Y/N) O

ADDITIONAL INFORMATION:

OTHER BALANCES/ACCOUNTS DUE:

☐ CODE VIOLATION: CASE# _____ CONTACT CODE ENFORCEMENT @ 954-924-8810

☒ OPEN BUILDING PERMITS MAY EXIST ON THIS PROPERTY. CONTACT BUILDING & ZONING @ 954-924-8805 or 954-924-8800 x3633

☐ A BUSINESS TAX RECEIPT MAY BE REQUIRED FOR THIS PROPERTY. CONTACT THE BUSINESS TAX DIV. 954-924-8800 x3401

☐ OTHER AMOUNTS DUE/PENDING: _____

PROPERTY AS REFERENCED IS CLEAR OF LIENS PLACED BY THE CITY OF DANIA BEACH: (Y/N) O

☐ PLEASE SEE ATTACHED LIEN CALCULATION(S)

SPECIAL ASSESSMENTS ARE ON TAX BILLS FROM THE COUNTY.

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PREPARED BY: R. Icenhour

DATE: 6/26/2019

Jun. 26. 2019 4:05PM

City of Dania Beach

No. 0603 P. 6/8



City of Dania Beach
100 W Dania Beach Blvd
Dania Beach, FL 33004
954-924-6800 x3401 FAX: 954-922-5619
Municipal Lien Search Request

\$100.00 Fee per Lien Search, Processing Time 5 Business Days

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PLEASE PROVIDE THE FOLLOWING INFORMATION:

DATE REQUESTED: 6/19/19 FROM: John D. Voigt, Esquire
PHONE: 954-762-3400 1177 S.E. 3rd Avenue
FAX: 954-468-1469 Fort Lauderdale, FL 33316
EMAIL: jdvoigt@aol.com Attorney for Owner

PROPERTY FOLIO #: 5042 33 36 0012

PROPERTY ADDRESS: 1815 Griffin Road, Dania Beach, FL 33004

SELLER'S NAME: 1815 Building Company, LLC

CITY OF DANIA BEACH WILL COMPLETE THE FOLLOWING INFORMATION:

UTILITY ACCOUNT INFORMATION:

☐ THIS PROPERTY IS NOT SERVICED BY CITY OF DANIA BEACH WATER UTILITY. THE PROPERTY MAY BE SERVICED BY BROWARD COUNTY, THE CITY OF FORT LAUDERDALE OR THE CITY OF HOLLYWOOD.

☐ THIS PROPERTY IS SERVICED BY A MASTER WATER METER. PLEASE CONTACT THE ASSOCIATION FOR ADDITIONAL INFORMATION.

ACCT. #: 53044-005 AMOUNT DUE: \$ 1,135.⁹⁷ DEPOSIT: \$ 1,005.⁰⁰ ACCOUNT CURRENT (Y/N) O

ACCT. #: _____ AMOUNT DUE: \$ _____ DEPOSIT: \$ _____ ACCOUNT CURRENT (Y/N) O

ACCT. #: _____ AMOUNT DUE: \$ _____ DEPOSIT: \$ _____ ACCOUNT CURRENT (Y/N) O

ADDITIONAL INFORMATION: _____

OTHER BALANCES/ACCOUNTS DUE:

☐ CODE VIOLATION: CASE# _____ CONTACT CODE ENFORCEMENT @ 954-924-8810

☒ OPEN BUILDING PERMITS MAY EXIST ON THIS PROPERTY. CONTACT BUILDING & ZONING @ 954-924-8808 or 954-924-6800 x3633

☐ A BUSINESS TAX RECEIPT MAY BE REQUIRED FOR THIS PROPERTY. CONTACT THE BUSINESS TAX DIV. 954-924-6800 x3401

☐ OTHER AMOUNTS DUE/PENDING. _____

PROPERTY AS REFERENCED IS CLEAR OF LIENS PLACED BY THE CITY OF DANIA BEACH: (Y/N) O

☐ PLEASE SEE ATTACHED LIEN CALCULATION(S)

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PREPARED BY: R. Icenhour

DATE: 6/20/2019

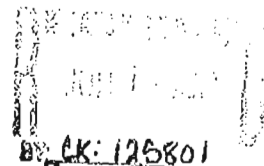
Jun. 26. 2019 4:05PM

City of Dania Beach

No. 8685 P. 7/8



City of Dania Beach
100 W Dania Beach Blvd
Dania Beach, FL 33004
954-924-6800 x3401 FAX: 954-922-5819
Municipal Lien Search Request



\$100.00 Fee per Lien Search, Processing Time 5 Business Days

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FAX: 954-468-1469 Fort Lauderdale, FL 33316
EMAIL: jdvoigt@aol.com Attorney for Owner
PROPERTY FOLIO #: 5042 33 38 0010
PROPERTY ADDRESS: 1855 Griffin Road, Dania Beach, FL 33004
SELLER'S NAME: Design Center of the Americas LLC

CITY OF DANIA BEACH WILL COMPLETE THE FOLLOWING INFORMATION:

UTILITY ACCOUNT INFORMATION:

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☐ THIS PROPERTY IS SERVICED BY A MASTER WATER METER. PLEASE CONTACT THE ASSOCIATION FOR ADDITIONAL INFORMATION.
ACCT. #: 517835-001 AMOUNT DUE: \$ 1,248.92 DEPOSIT: \$ 550.00 ACCOUNT CURRENT (Y/N) O
ACCT. #: _____ AMOUNT DUE: \$ _____ DEPOSIT: \$ _____ ACCOUNT CURRENT (Y/N) O
ACCT. #: _____ AMOUNT DUE: \$ _____ DEPOSIT: \$ _____ ACCOUNT CURRENT (Y/N) O

ADDITIONAL INFORMATION:

OTHER BALANCES/ACCOUNTS DUE:

☒ CODE VIOLATION: CASE# 2019-0000801 CONTACT CODE ENFORCEMENT @ 954-924-8810
☒ OPEN BUILDING PERMITS MAY EXIST ON THIS PROPERTY. CONTACT BUILDING & ZONING @ 954-924-6808 or 954-924-6800 x3833
☐ A BUSINESS TAX RECEIPT MAY BE REQUIRED FOR THIS PROPERTY. CONTACT THE BUSINESS TAX DIV. 954-924-6800 x3401
☐ OTHER AMOUNTS DUE/PENDING.

PROPERTY AS REFERENCED IS CLEAR OF LIENS PLACED BY THE CITY OF DANIA BEACH: (Y/N) O

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PREPARED BY: R. Icenhour DATE: 6/26/2019



City of Dania Beach
 100 W Dania Beach Blvd
 Dania Beach, FL 33004
 954-924-6800 x3401 FAX: 954-922-5619
Municipal Lien Search Request

\$100.00 Fee per Lien Search, Processing Time 5 Business Days *AK: 125801*

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 PHONE: 954-762-3400 1177 S.E. 3rd Avenue
 FAX: 954-468-1469 Fort Lauderdale, FL 33316
 EMAIL: jdvoigt@aol.com Attorney for Owner
 PROPERTY FOLIO #: 5042 33 38 0020
 PROPERTY ADDRESS: 1855 Griffin Road, Dania Beach, FL 33004
 SELLER'S NAME: DCOTA Development Company LP

CITY OF DANIA BEACH WILL COMPLETE THE FOLLOWING INFORMATION:

UTILITY ACCOUNT INFORMATION:

☐ THIS PROPERTY IS NOT SERVICED BY CITY OF DANIA BEACH WATER UTILITY. THE PROPERTY MAY BE SERVICED BY BROWARD COUNTY, THE CITY OF FORT LAUDERDALE OR THE CITY OF HOLLYWOOD.

☐ THIS PROPERTY IS SERVICED BY A MASTER WATER METER. PLEASE CONTACT THE ASSOCIATION FOR ADDITIONAL INFORMATION.

ACCT. #: 517857-001 AMOUNT DUE: \$ 421.13 DEPOSIT: \$ 640.00 ACCOUNT CURRENT (Y/N) O

ACCT. #: 517858-001 AMOUNT DUE: \$ 382.12 DEPOSIT: \$ 0 ACCOUNT CURRENT (Y/N) O

ACCT. #: 517856-001 AMOUNT DUE: \$ 4287.18 DEPOSIT: \$ 410.00 ACCOUNT CURRENT (Y/N) O

ADDITIONAL INFORMATION: 517826-001 - \$2,261.63 - \$500.00 - Yes

OTHER BALANCES/ACCOUNTS DUE:

☐ CODE VIOLATION: CASE# _____ CONTACT CODE ENFORCEMENT @ 954-924-8810

☒ OPEN BUILDING PERMITS MAY EXIST ON THIS PROPERTY. CONTACT BUILDING & ZONING @ 954-924-8806 or 954-924-8800 x3833

☐ A BUSINESS TAX RECEIPT MAY BE REQUIRED FOR THIS PROPERTY. CONTACT THE BUSINESS TAX DIV. 954-924-6800 x3401

☐ OTHER AMOUNTS DUE/PENDING. _____

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PREPARED BY: R. Icenhour

DATE: 6/26/2019

LAW OFFICES
DOUMAR, ALLSWORTH, LAYSTROM, VOIGT,
ADAIR & DISHOWITZ, LLP

JOHN H. ADAIR, III, P.A.
EMERSON ALLSWORTH, P.A.
E. SCOTT ALLSWORTH, P.A.
MARK E. ALLSWORTH, P.A.

1177 SOUTHEAST THIRD AVENUE
FORT LAUDERDALE, FLORIDA 33316-1109
BROWARD (954) 762-3400
TOLL FREE (866) 242-9488
TELEFAX (954) 525-3423
WEBSITE: SFLALAW.COM

BENJAMIN R. DISHOWITZ, P.A.
RAYMOND A. DOUMAR, P.A.*
C. WILLIAM LAYSTROM, JR., P.A.
JOHN D. VOIGT, P.A.
JEFFREY S. WACHS, P.A. +

+ALSO ADMITTED IN PENNSYLVANIA
*FORMERLY ADMITTED IN MICHIGAN

OF COUNSEL
JOHN W. PERLOFF, P.A.
JODIE SIEGEL, P.A.

May 2, 2019

Ms. Corinne Lajoie, AICP, LEED GA
Planning and Zoning Manager
City of Dania Beach
100 W. Dania Beach Boulevard
Dania Beach, Florida 33004

Re: Resubmittal in Response to Staff Comments of the
Request for Abandonment of the Design Center of
the Americas DRI

Dear Ms. Lajoie:

On behalf of the Design Center of the Americas, LLC, we are requesting to abandon the Design Center of the Americas DRI. Included in the application package is a revision to the current biennial monitoring report, which includes the status of each of the conditions of the DRI (Exhibit G), as well as a sketch of what approved buildings have been completed with the square footage of each. Also included is a traffic statement provided in response to staff comments.

Chapter 380.06, Florida Statutes, placed the responsibility on the developer of an approved development of regional impact (DRI) for submitting a biennial report to the local government, the regional planning agency, the Department of Economic Opportunity, and to all affected permit agencies.

On April 9, 2018, Florida's Governor signed into a law a bill that significantly amended Chapter 380.06, Florida Statutes, and removed the requirements for monitoring reports to be submitted to the Department of Economic Opportunity or the

Ms. Corinne Lajoie, AICP, LEED GA
May 2, 2019
Page 2

regional planning agency. As you are aware, all DRI enforcement has been shifted only to the local government. As a result, both Broward County and the State of Florida are no longer involved in this process.

Therefore, we are submitting the updated report to the City of Dania Beach for consideration with an application to abandon the Design Center of the Americas DRI under the City of Dania Beach's application requirements. The report mirrors the format of the State-required reports in the past. The last report monitoring period was December 1, 2012 through November 23, 2015. This report begins on November 24, 2015 and goes through November 16, 2018. This report and supporting documentation has been revised since the first submittal to include more details in response to the staff comments received at the DRC meeting.

We are resubmitting the application package with the understanding that this will now be reviewed by outside counsel in addition to the regular staff review. Thank you for your attention to this matter. Please contact me should you have any questions or if anything further is required with regard to the application or supporting documentation.

Sincerely,



JOHN D. VOIGT
For the Firm

JDV/kdr



DEVELOPMENT OF REGIONAL IMPACT BIENNIAL MONITORING REPORT

November 24, 2015 - November 16, 2018

Revised April 2019

Prepared by:



6500 N. Andrews Avenue
Fort Lauderdale, Florida 33309
Phone: (954) 776-1616 | Fax: (954) 771-7690
www.kci.com



Table of Contents

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Exhibit B: Master Plan	12
Exhibit C: Inventory of Existing Conditions	14
Exhibit G: Development Order Compliance	16

Biennial Status Report

Reporting Period:	November 24, 2015 to November 16, 2018
Name of DRI:	Design Center of the Americas
Location:	City of Dania Beach, Broward County
Developer Name:	Design Center of the Americas
Address:	1855 Griffin Road, Suite B-482, Dania Beach, FL 33004

1. Describe any changes made in the proposed plan of development, phasing, or in the representations contained in the Application for Development Approval since the Development of Regional Impact received approval. Note any actions (substantial deviation determinations) taken by local government to address these changes.

Note: If a response is to be more than one sentence, attach as Exhibit A, a detailed description of each change and copies of the modified site plan drawings. Exhibit A should also address the following additional items if applicable:

a) Describe changes in the plan of development or phasing for the reporting year and for the subsequent years;

No changes in phasing have occurred during the reporting period.

b) State any known incremental DRI applications for development approval or requests for a substantial deviation determination that were filed in the reporting year and to be filed during the next year;

There have been no changes during the reporting period.

c) Attach a copy of any notice of the adoption of a development order or the subsequent modification of an adopted development order that was recorded by the developer pursuant to Paragraph 380.06(15)(f), F.S.

See Exhibit A for chronology of past development orders.

2. Has there been a change in local government jurisdiction for any portion of the development since the development order was issued? If so, has the annexing local government adopted a new DRI development order for the project? Provide a copy of the order adopted by the annexing local government.

No changes in local government jurisdiction.

3. Provide copies of any revised master plans, incremental site plans, etc., not previously submitted. Note: If a response is to be more than one or two sentences, attach as Exhibit B.

Additional parking was approved in 2013 has been partially constructed as indicated on Exhibit B.

4. Provide a summary comparison of development activity proposed and actually conducted for the reporting year as well as a cumulative total of development proposed and actually conducted to date.

Example: Number of dwelling units constructed, site improvements, lots sold, acres mined, gross floor area constructed, barrels of storage capacity completed, permits obtained, etc.

Note: If a response is to be more than one sentence, attach as Exhibit C.

See Exhibit C for the table of existing floor area improvements.

5. Have any undeveloped tracts of land in the development (other than individual single family lots) been sold to a separate entity or developer? If so, identify tract, its size, and the buyer. Provide maps which show the tracts involved. Note: If a response is to be more than one sentence, attach as Exhibit D.

No undeveloped tracts have been sold.

6. Describe any lands purchased or optioned adjacent to the original DRI site subsequent to issuance of the development order. Identify such land, its size, and intended use on a site plan and map. Note: If a response is to be more than one sentence, attach as Exhibit E.

No lands have been optioned adjacent to the DRI.

7. List any substantial local, state and federal permits which have been obtained, applied for, or denied during this reporting period. Specify the agency, type of permit, and duty for each.

Note: If a response is to be more than one sentence, attach as Exhibit F.

Permits for a parking expansion and permits to renovate the hotel (both in progress) have been issued by the City of Dania Beach. They include:

Building alteration permit @1825 Griffin Road (Hotel) – Dania Beach Permit #16-1952

New parking lot @1855 Griffin Road (Building C) – Dania Beach Permit # 14-0878

In addition, Broward County Surface Water Management has issued the following:

License – Parking 1/24/2018

License Modification – Parking – 1/24/2018

License Modification – Hotel – 5/26/2017

Also, Broward County Solid Waste Management has issued the following:

Lake Fill/Borrow Pit Reclamation – Permit # SW-BP02200-17

8. Provide a list specifying each development order conditions and each developer commitment as contained in the ADA. State how and when each condition or commitment has been complied with during the annual report reporting period.

See Exhibit G for the Development Order conditions.

9. Provide any information that is specifically required by the development order to be included in the annual report.

This is the final monitoring report as the DRI is proposed to be abandoned.

Exhibit A:

Amendments to Proposed Development of Regional Impact

1

2

Exhibit A

Amendments to Proposed Development of Regional Impact (Question 1)

The original Development Order, City of Dania Beach Ordinance No. 20, has been amended twelve times. The amendments are recorded as City of Dania Beach Ordinances: 4-84; 22-84; 05-87; 02-88; 23-90; 47-91; 04-96; 2000-017; 2000-051; 2002-022; 2007-031; and 2011-018. The modifications included in these amendments are more specifically described as follows:

1. City of Dania Beach Ordinance No. 4-84

This Ordinance amended the Development Order with respect to subsections 1.01 I and K, allowing for the performance of separate energy conservation analyses for the design showroom parcel and the office/hotel parcel. The granting of this amendment also recognized the separate ownership of the parcels. This Ordinance did not incorporate any site plan related changes.

2. City of Dania Beach Ordinance No. 22-84

The amendment approved several site plan and phasing related changes, which resulted in concurrent increases and decreases in the types of uses allowed. These changes were:

- A. A decrease of fifty hotel rooms resulting in a total of 250 rooms;
- B. An increase of 60,000 square feet of office uses resulting in a total of 180,000 square feet;
- C. An increase of 235 parking spaces resulting in a total of 2,215 spaces; and
- D. A lag in the Development Schedule, extending the completion date for Phase I from 1984 to 1985.

3. City of Dania Beach Ordinance No. 05-87

This amendment was granted in response to a Notification of a Proposed Change to a Previously Approved DRI, application which was submitted in February 1987. The amendment approved the following changes:

- A. An increase in the cumulative square footage for design showrooms in Phases I and II, from approximately 500,000 square feet to approximately 549,111 square feet;
- B. An extension of the Development Schedule for Phase II, modifying the beginning of the construction to 1987 and the end of Phase II construction to 1988;
- C. A change in the Development Schedule for the remaining 120,000 square feet of Office use (and the associated 235 space parking deck), moving this construction from Phase II to Phase III; and
- D. A decrease in design showroom square footage for Phase IV, from approximately 250,000 square feet to approximately 200,899 square feet, for a cumulative total of 1,000,000 square feet of design showroom.

4. City of Dania Beach Ordinance No. 02-88

This Ordinance amended the adopted development order to modify the development schedule as follows:

Phase	Design Center Showroom	Office	Hotel Rooms	Begin	End	Operations Beginning
1	261,111 sf	60,000 sf	250	1983	1985	1984
2	288,000 sf			1987	1988	1988
3	250,000 sf	120,000 sf		1988	1989	1989
4	200,889 sf			1991	1992	1992

Provided, however, that the Phase 1 Design Center Showroom building may contain more than 261,111 square feet and the Phase 2 Design Center Showroom building may contain less than 288,000 square feet, provided the combined square footage of the Phase 1 and Phase 2 Design Center Showroom buildings does not exceed 549,111 square feet.

5. City of Dania Beach Ordinance No. 23-90

This Ordinance amended the adopted development order to modify the development schedule as follows:

Phase	Design Center Showroom	Office	Hotel Rooms	Begin	End	Operations Beginning
1	261,111 sf	60,000 sf	250	1983	1985	1984
2	288,000 sf			1987	1988	1988
3	260,000 sf	120,000 sf		1990-91	1991-92	1991-92
4	190,889 sf			1993	1994	1994

Provided, however, that the Phase 1 Design Center Showroom building may contain more than 261,111 square feet and the Phase 2 Design Center Showroom building may contain less than 288,000 square feet, provided the combined square footage of the Phase 1 and Phase 2 Design Center Showroom buildings does not exceed 549,111 square feet.

6. City of Dania Beach Ordinance No. 47-91

This Ordinance amended the adopted development order to modify the development schedule as follows:

Phase	Design Center Showroom	Office	Hotel Rooms	Begin	End	Operations Beginning
1	261,111 sf	60,000 sf	250	1983	1985	1984
2	288,000 sf			1987	1988	1988
3	260,000 sf	120,000 sf		1993-94	1994-95	1994-95
4	190,889 sf			1996-97	1997-98	1997-98

Provided, however, that the Phase 1 Design Center Showroom building may contain more than 261,111 square feet and the Phase 2 Design Center Showroom building may contain less than 288,000 square feet, provided the combined square footage of the Phase 1 and Phase 2 Design Center Showroom buildings does not exceed 549,111 square feet.

7. City of Dania Beach Ordinance No. 04-96

This Ordinance amended the adopted development order to modify the development schedule as follows:

Phase	Design Center Showroom	Office	Hotel Rooms	Begin	End	Operations Beginning
1	261,111 sf	60,000 sf	250	1983	1985	1984
2	288,000 sf			1987	1988	1988
3	260,000 sf	120,000 sf		*7/1/1996	11/30/2000	**11/30/2000
4	190,889 sf			*7/1/1996	11/30/2003	**11/30/2003

Provided, however, that the Phase 1 Design Center Showroom building may contain more than 261,111 square feet and the Phase 2 Design Center Showroom building may contain less than 288,000 square feet, provided the combined square footage of the Phase 1 and Phase 2 Design Center Showroom buildings does not exceed 549,111 square feet.

(*after; **prior to)

8. City of Dania Beach Ordinance No. 2000-017

This Ordinance amended the adopted development order to modify the development schedule as follows:

Phase	Design Center Showroom	Office	Hotel Rooms	Begin	End	Operations Beginning
1	261,111 sf	60,000 sf	250	1983	1985	1984
2	288,000 sf			1987	1988	1988
3	230,000 sf	90,000 sf		*7/1/1996	11/30/2001	**11/30/2001
4	220,889 sf			*7/1/1998	11/30/2003	**11/30/2003

Provided, however, that the Phase 1 Design Center Showroom building may contain more than 261,111 square feet and the Phase 2 Design Center Showroom building may contain less than 288,000 square feet, provided the combined square footage of the Phase 1 and Phase 2 Design Center Showroom buildings does not exceed 549,111 square feet.

(*after; **prior to)

9. City of Dania Beach Ordinance No. 2000-051

This Ordinance amended the adopted development order to modify the development schedule as follows:

Phase	Design Center Showroom	Office	Hotel Rooms	Begin	End	Operations Beginning
1	261,111 sf	60,000 sf	250	1983	1985	1984
2	288,000 sf			1987	1988	1988
3	230,000 sf	90,000 sf		After 7/1/1996	11/30/2001* 11/30/2002**	Prior to 11/30/2001
4	220,889 sf			After 7/1/1998	11/30/2003	Prior to 11/30/2003

Provided, however, that the Phase 1 Design Center Showroom building may contain more than 261,111 square feet and the Phase 2 Design Center Showroom building may contain less than 288,000 square feet, provided the combined square footage of the Phase 1 and Phase 2 Design Center Showroom buildings does not exceed 549,111 square feet.

(* As to Design Center Showroom; **As to Office)

10. City of Dania Beach Ordinance No. 2002-022

This Ordinance amended the adopted development order to modify the development schedule as follows:

Phase	Design Center Showroom	Office	Hotel Rooms	Begin	End	Operations Beginning
1	261,111 sf	60,000 sf	250	1983	1985	1984
2	288,000 sf			1987	1988	1988
3	230,000 sf	90,000 sf		After 7/1/1996	11/30/2001* 11/30/2007**	Prior to 11/30/2001* Prior to 11/30/2007**
4	220,889 sf			After 7/1/1998	11/30/2007	Prior to 11/30/2007

Provided, however, that the Phase 1 Design Center Showroom building may contain more than 261,111 square feet and the Phase 2 Design Center Showroom building may contain less than 288,000 square feet, provided the combined square footage of the Phase 1 and Phase 2 Design Center Showroom buildings does not exceed 549,111 square feet.

(* As to Design Center Showroom; ** As to Office)

11. City of Dania Beach Ordinance No. 2007-031

This ordinance amended the adopted development order to modify the development schedule as follows:

Phase	Design Center Showroom	Office	Hotel Rooms	Begin	End	Operations Beginning
1	261,111 sf	60,000 sf	250	1983	1985	1984
2	288,000 sf			1987	1988	1988
3	230,000 sf			1996	2001	2001
4	220,889 sf	120,000 sf	119	After 7/1/2007	Prior to 11/30/2010	Prior to 11/30/2010

12. City of Dania Beach Ordinance No. 2011-018

This ordinance amended the adopted development order to modify the development schedule as follows:

Phase	Design Center Showroom	Office	Hotel Rooms	Begin	End	Operations Beginning
1	261,111 sf	60,000 sf	250	1983	1985	1984
2	288,000 sf			1987	1988	1988
3	230,000 sf			1996	2001	2001
4	220,889 sf	320,000 sf	119	After 7/1/2007	Prior to 11/30/2015	Prior to 11/30/2015

Exhibit B:

Master Plan

Master Plan

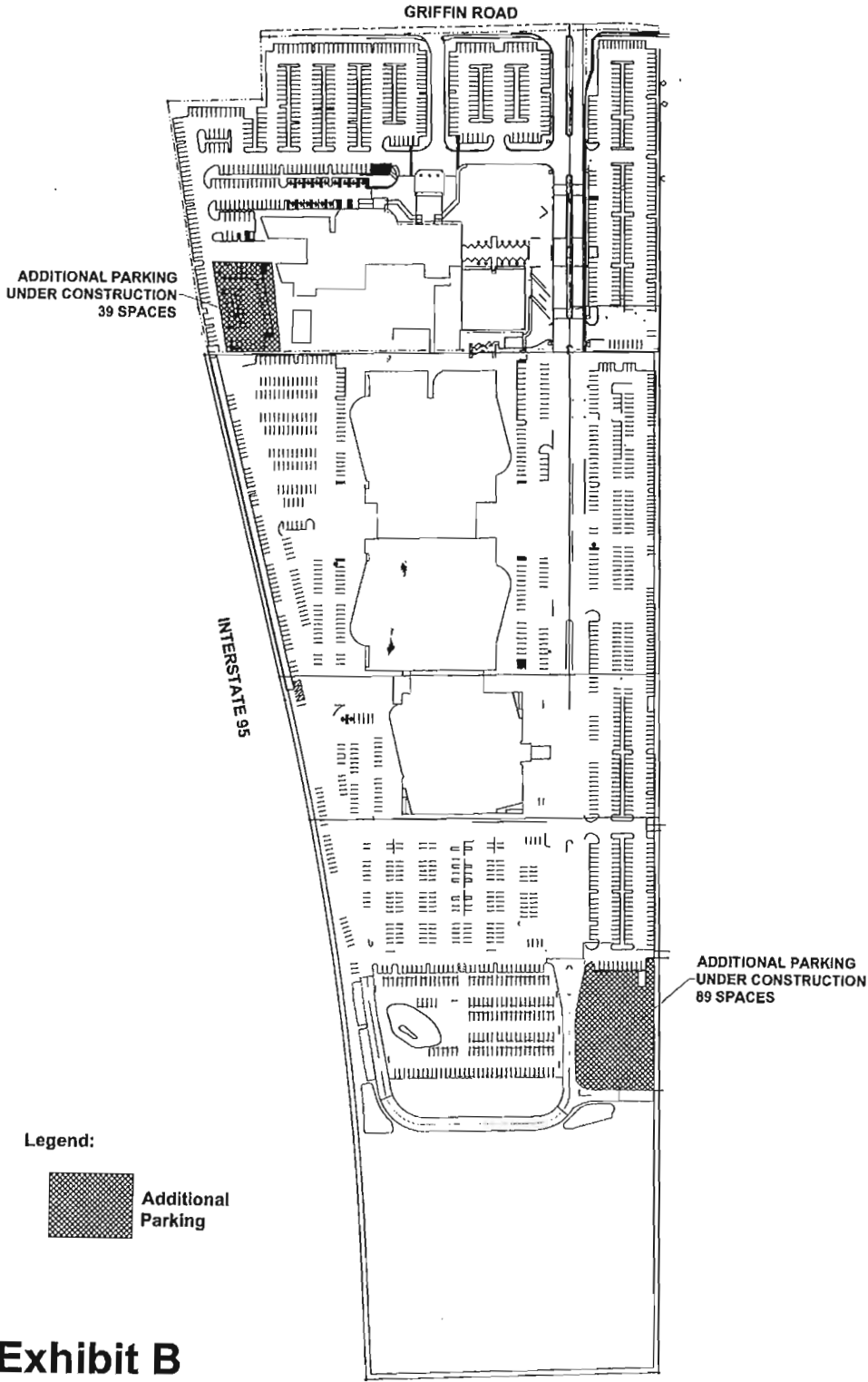


Exhibit B

Exhibit C:

Inventory of Existing Conditions

Exhibit C

Inventory of Existing Conditions (Question 4)

Land Use Type	Proposed This Period	Built This Period	Measure	Total Proposed to Date	Total Built to Date	Measure
Wholesale Showroom	0	0	GSF	1,000,000	781,170	GSF
Office	320,000	0	GSF	380,000	60,000	GSF
Hotel	0	0	Rooms	369	250	Rooms
Other Development Activity Conducted	Surface parking improvements.					

Exhibits D, E, and F – Not Applicable

Exhibit G:

Development Order Compliance

Exhibit G

Development Order Compliance (Question 8)

AN ASSESSMENT OF COMPLIANCE WITH THE CONDITIONS OF ORDINANCE NO. 20 FOR THE DESIGN CENTER OF THE AMERICAS DRI AS MODIFIED BY THE CITY OF DANIA BEACH

Section 1. The Application for Development Approval is subject to the following conditions:

A. The Applicant shall remove all exotic vegetation and replant with native species only, relocating existing indigenous trees and plants on-site, where feasible, particularly including oak trees (*Quercus* spp.) greater than 8" in diameter at the chest height, and slash pines (*Pinus elliottii*);

The initial removal has been completed and the property will continue to be monitored / maintained through landscape maintenance contractor, Superior Landscaping.

B. The Applicant shall establish lake slopes at a 4-foot horizontal to 1-foot vertical slope, extending a vertical 2 feet below the water level where fill or other shoreline alteration is conducted, and plant submerged areas with wetland vegetation to provide water cleansing and wildlife habitat. Further, the Applicant will provide a fence around the lake, or otherwise secure the lake area by securing the Design Center Site; widen the top of the embankment to a minimum of 8 feet, or construct all lake slopes to no steeper than 4-foot horizontal to 1-foot vertical.

The surface water management system was determined to be satisfactory by Broward County on July 2, 2001. A protective fence has been installed to secure the lake area against possible trespass.

C. The Applicant shall revise the complex source air quality permit to incorporate accurate traffic conditions and submit it to the Broward County Environmental Quality Control Board and the SFRPC, within 90 days of the date of issuance of the development order, for review and approval. In the event that air quality is projected to exceed State standards, the Applicant will prepare and submit, within 90 additional days, a management plan for project traffic, including, but not limited to, modified site design, parking restrictions and fees, car and van-pooling programs, and use of mass transit, to the SFRPC and the Broward County Environmental Quality Control Board for review and approval.

This permit has been revised.

D. The Applicant shall, in the event potentially significant historical or archaeological artifacts are discovered, delay construction until State and local historical preservation officials can survey the discovery.

Potentially significant historical or archaeological artifacts have not been discovered on the project site. If the DRI is abandoned, development will follow the City's Land Development Code in accordance with historical or archaeological artifacts, should any be located.

E. The Applicant shall implement all construction practices identified in the DRI Assessment to prevent wind and water erosion.

Wind and water erosion is being prevented to the maximum extent possible through best management practices. If the DRI is abandoned, development will follow the City's Land Development Code and Florida Building Code in regards to prevention of wind and water erosion.

F. The Applicant shall ensure regular sweeping of parking lots, roads, and other impervious surfaces to reduce pollutant accumulations, and ensure that drainage trenches and water control structures are maintained and regularly cleaned of debris. The Applicant will incorporate these programs as requirements in all lease and sale agreements, where the tenant or purchaser is acquiring ownership or control over the applicable areas or structure.

Regular sweeping of the impervious surfaces and maintenance of the drainage areas is being continued by DCOTA General Manager Brad Shepherd, where feasible.

G. The Applicant shall permit irrigation only with non-potable water obtained; from the on-site land.

Site irrigation water is being supplied by the on-site project lake. Irrigation is serviced through a contract with Superior Landscaping.

H. The Applicant shall develop, in conjunction with the Broward County Environmental Quality Control Board, and implement an on-going water quality monitoring and maintenance program for the on-site lake. The Applicant will incorporate continuation of this program as a requirement in all lease and sale agreements in which the purchaser or lessee is obtaining control or responsibility for the lake.

In December 2001, the Broward County Department of Planning and Environmental Protection and the City of Dania Beach determined that the permitting system satisfied Condition H.

I. The Applicant shall implement all energy conservation measures as proposed in the ADA. Further, the Applicant will evaluate all of the energy conservation measures listed on Pages 40 through 45 of the DRI Assessment and submit the analysis to the Broward County Energy Office

for review and comment and to the City and SFRPC for review and approval within 120 days of the issuance of the development order and implement the energy conservation measures determined to be feasible.

These analyses have been submitted and feasible energy conservation measures are being implemented. In addition, note the following:

- White rooftops were installed within the past 3 years in buildings A and B.
- The tenant leases do not include electricity in the rent; which encourages energy conservation.
- The tenant leases require window blinds to be kept closed to save on air conditioning.

J. The Applicant shall remove all billboards on the project site visible from 1-95 prior to the issuance of any certificate of occupancy for Phase I development, except where said removal would constitute a breach of a lease agreement in existence on July 11, 1983, between the Applicant and a billboard site lessee. Application of the exception shall only be after review and approval of the existing lease agreement by the City Attorney and shall only apply until the billboard can be removed under the lease agreement.

All billboards, visible from 1-95, which were not covered by standing lease agreements, were removed from the project site prior to the issuance of Certificates of Occupancy for Phase I.

K. The Applicant shall develop and submit to the SFRPC within one year of the date of issuance of the development order, or prior to certificate of occupancy is issued, whichever occurs first, for review and approval, the Design Center lease agreement that restricts project tenants in the design showrooms to wholesale uses only, as proposed in the ADA, and established, where applicable to areas leased, the responsibility for maintenance of the on-site lake, drainage greenbelts, and landscaping, pollutant-retardant structures, parking lots and security, and require flow restrictors in project lavatories, showers and commodes. Applicant will incorporate these programs as requirements in all lease and sale agreements, where the tenant or purchaser is acquiring ownership or control over the applicable areas or structures.

The model lease agreement has been submitted, and has been incorporated into lease and/or sales agreements.

L. The Applicant shall conduct, subsequent to approval by the SFRPC, and within six months after occupancy of the first 250,000 square feet of Design Center showroom area, a traffic monitoring program to determine average daily peak hour trips generated by the Design Center. If the SFRPC determines, upon review of the results of the monitoring program, that the resultant peak hour trips volumes are more than ten percent (10%) above the volumes presented in the ADA, the Applicant will prepare and submit a revised transportation analysis including recommendations for improvements necessary to maintain acceptable levels of service on the roadway system and specified funding sources, to the SFRPC, Broward County, Florida Department of Transportation, and the City, for DRI review and approval by the SFRPC and City.

Said monitoring program was completed and submitted, as required.

M. There shall be installed, with Broward County's approval, a traffic signal, loop detector, and control boxes at the main project exit on Griffin Road prior to the issuance of any Phase I certificate of occupancy. It is the City's understanding that said improvements are included in and are part of the County's road improvements project for Griffin Road. However, if said improvement has not been installed by the County at the time the Applicant is seeking a certificate of occupancy for Phase I, then the applicant shall pay for same or demonstrate that the County will pay for or install same within a year.

These improvements have been installed. See the 3 images below with descriptions.

The traffic signal at the main DCOTA entry/exit on Griffin Road, subtitled "DCOTA ENTRANCE" on the street sign is shown in the image below, looking west on Griffin Road, with DCOTA and the hotel on the left.



The traffic signal at the main DCOTA entry/exit on Griffin Road is shown in the image below, as exiting the DCOTA site



The control box for the traffic signal at the intersection of Griffin Road and the DCOTA main entry is shown in the image below



N. The Applicant shall acquire or reimburse the City for the costs of the necessary right-of-way for the extension of Northwest 2nd Street from the Property to Bryan Road. Upon notification by the City that adequate right-of-way is available, the Applicant will construct according to City specifications, or provide a bond, letter of credit, other acceptable guarantee thereto for the construction of Northwest 2nd Street from the project to Bryan Road, including necessary signage at the intersection of Bryan Road and Northwest 2nd Street, such construction to be completed as a part of the application for the issuance of building permits for Phase III of the project. In the event the City is unable to secure necessary right-of-way, pursuant to condition "V" below, the Applicant will prepare an alternative traffic plan, including recommendations for alternative improvements necessary to maintain acceptable levels of service on the roadway system and specified funding sources, and submit the plan for review and approval to the SFRPC, Broward County, and City prior to the issuance of a building permit for Phase III development. The Applicant shall give the City six (6) months' notice prior to its making the application for the building permit for Phase III to permit the City time to condemn said right-of-way in the event the Applicant has not already acquired same for the City. The City in turn will not proceed with any action to acquire said right-of-way without first receiving notice from the Applicant unless such earlier action is intended to be without the Applicant's financial participation.

This condition has been deleted and replaced with the following condition as a result of approval of City of Dania Beach Ordinance No. 47-91:

The Applicant shall pay the following amounts to the Florida Department of Transportation ("FDOT") at the times indicated below as a fair share assessment for improvements to the intersections of 1-95 and Stirling Road and 1-95 and Griffin Road:

- (1) Prior to the issuance of a certificate of occupancy by the City for the Phase 3 Wholesale Showroom (260,000 square feet) -\$37,493.46;
- (2) Prior to the issuance of a certificate of occupancy by the City for the Phase 3 Office Building (120,000 square feet) -\$45,640.60;
- (3) Prior to the issuance of a certificate of occupancy by the City for the Phase 4 Wholesale Showroom (190,889 square feet) -\$27,711.35.

The Applicant has paid FDOT the required \$37,493.46 described in Item N(1). The contributions described in Items N(2) and N(3) are not yet due (not constructed).

O. The Applicant shall develop a re-striping and signage plan for the intersection of Stirling Road and U.S. 1 to improve intersection capacity and levels of service as discussed on pages 34 and 35 of the DRI Assessment, submit the plan for review and approval to the Broward County Traffic Engineering Division, and implement the improvements prior to the issuance of building permits for Phase III development.

This condition has been deleted as a result of adoption of City of Dania Beach Ordinance No. 47-91.

P. The Applicant shall conduct traffic counts and signalization warrant analyses for the intersection of Bryan Road and Northwest 2nd Street, and U.S. 1 and Northeast 1st Street at the

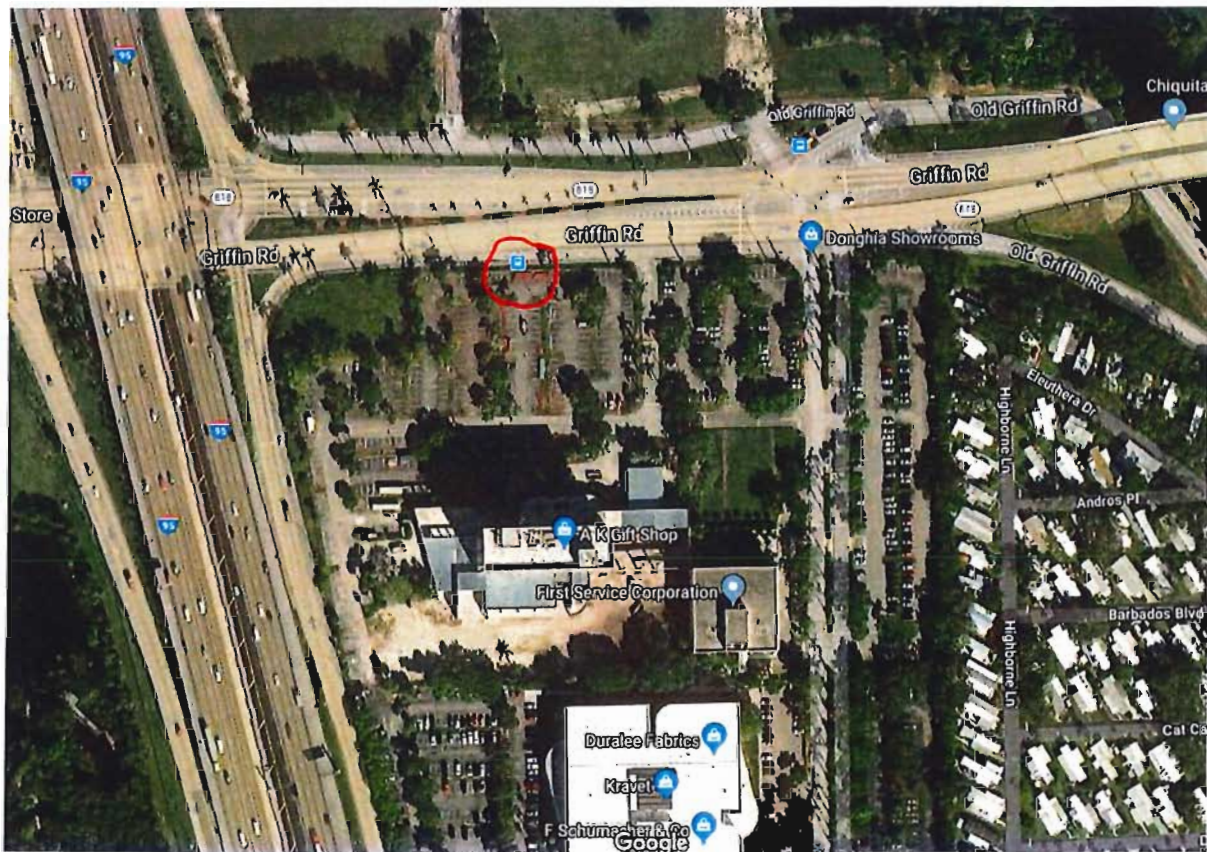
completion of the project Phases II and IV, submit the analyses to the City and Broward County Traffic Engineering Division for review and approval, and, if deemed necessary or desirable by the County or the City, install recommended signalization.

This condition has been deleted as a result of adoption of City of Dania Beach Ordinance No. 47-91.

Q. The Applicant shall work with the Broward County Mass Transit Division to identify the appropriate timing and level of transit service to be provided to this development and, when needed, provide bus shelters on-site or along Griffin Road adjacent to the project.

BCT Route 4 runs along Griffin Road, and a stop is located adjacent to the project. This Route also connects to the Tri-Rail station just west of I-95. The schedule times are published online and in multiple printed sources. The developer has cooperated with BCT.

The Broward County Transit stop (serving Route 4) on Griffin Road adjacent to the subject site is circled in red, on the aerial image, below.



The stop for Broward County Transit Route 4 with bench and garbage receptacle in front of the hotel is shown below.



R. The Applicant shall promote car-pooling by working with Broward County Transportation Planning Division to involve project tenants and their employees in car-pool computer matching programs.

Car-pool computer matching programs are operated through South Florida Commuter Services and this service is made aware to the tenants and employees. With the proliferation of Uber, Lyft, and other ride-sharing services, the demand for carpooling has diminished. The DCOTA facility operates valet parking for guests and makes this service available for free to any registered car-pool.

S. The Applicant shall modify the site plan to permit only inbound traffic at the project's west entrance on Griffin Road and revise the parking plan to restrict turning movements for at least 100 feet from Griffin Road within the project.

These modifications have been made.

As shown in the aerial image below, the inbound-only turn at the western entrance is designed to restrict turning movements for at least 100 feet from Griffin Road within the project.



T. The Applicant shall revise the Application for Development Approval to reflect necessary site plan access and parking modifications at the hotel entrance on Griffin Road, consolidate all original and supplemental information submitted to the SFRPC, into the revised Application for Development Approval, and submit the document to the SFRPC, City, the Broward County Office of Planning, the County Traffic Engineering Divisions, the County Environmental Quality Control Board, and the State land planning agency within 180 days from the date of issuance of the development order.

The CADA, including the subject revisions, has been completed and submitted to the appropriate agencies.

U. The City will withhold issuance of any certificates of occupancy for the project development until all billboards on the project site visible from 1-95 have been removed except where there is a valid lease agreement that would prohibit the removal of a billboard at the time of the issuance of the certificate of occupancy. The billboard shall be removed as soon thereafter as permissible under the lease agreement.

This is not applicable to the City to enforce since the applicant complied with the request.

V. The City will obtain the necessary right-of-way for the extension of Northwest 2nd Street from the Property to Bryan Road upon receipt of notice to do same, which shall be due from the Applicant to the City six months prior to its application for a building permit for Phase III of the project. The City has a right to make an earlier acquisition of said right-of-way if it is not desirous of being reimbursed for such acquisition by the Applicant.

Condition V has been deleted and replaced with the following condition as a result of adoption of City of Dania Beach Ordinance No.47-91:

The City will withhold issuance of the respective certificate of occupancy until the Applicant provides the City with a signed receipt or other documentary evidence indicating that the amount set forth below relating to the specific development approved by that certificate of occupancy has been paid to FDOT as provided below:

- (1) Phase 3 Wholesale Showroom (260,000 square feet) -\$37,493.46;
- (2) Phase 3 Office Building (120,000 square feet) -\$45,640.60;
- (3) Phase 4 Wholesale Showroom (190,889 square feet) -\$27,711.35.

The Applicant has paid FDOT the required \$37,493.46 described in Item V(1). The contributions described in Items V(2) and V(3) are not yet due (not constructed).

W. The City will withhold issuance of any certificates of occupancy for project development in Phase III and building permits for construction of development in Phase IV until completion of Northwest 2nd Street from the Property to Bryan Road with necessary signage as determined by the City.

This condition has been deleted as a result of adoption of City of Dania Beach Ordinance No. 47-91.

X. The City will withhold issuance of building permits for the project development until the Applicant's analyses of all energy conservation measures has been reviewed and approved by the City. Such analyses shall be also submitted to the SFRPC for the purpose of allowing it to review and comment to the City.

The City has complied with this condition.

Y. The City will withhold issuance of any certificates of occupancy for the project development until the terms of the condition "M" above are met.

To the best of the applicant's knowledge, the City is complying with this condition.

Z. In the event the City is unable to obtain necessary right-of-way for the extension of Northwest 2nd Street from the Property to Bryan Road, the City will withhold issuance of Phase III building permits until a revised traffic access plan and recommendations for alternative improvements necessary to establish acceptable levels of service on the roadway system, including specification of funding sources, has been reviewed and approved by the SFRPC, Broward County and the City.

This condition has been deleted as a result of adoption of City of Dania Beach Ordinance No. 47-91.

AA. The City will withhold issuance of any Phase III and Phase IV certificates of occupancy until Northwest 2nd Street is completed as a 2-lane road between the Property and Bryan Road or until alternative improvements, as approved by the SFRPC, Broward County and City, pursuant to Condition "Z" above, are constructed;

This condition has been deleted as a result of adoption of City of Dania Beach Ordinance No. 47-91.

BB. The City will review the results of the traffic analyses conducted pursuant to Condition "L", above, and consistent with the SFRPC's comments, modify the development order for consistency with the recommended transportation improvements.

The development order was amended per this condition in December 1991.

CC. The City will withhold issuance of certificates of occupancy for Phase III development until traffic improvements indicated by the results of the signalization warrant analysis identified in Condition "P" above, as approved by Broward County and City, has been installed; and

This condition has been deleted as a result of adoption of City of Dania Beach Ordinance No. 47-91.

DD. The City will require as a condition of the issuance of a certificate of occupancy for Phase I that the developer demonstrate to the City that public or private jitney, limousine or paratransit service is available.

This demonstration was made during Phase 1. Currently, public transit services are available through BCT.

As amended by Ordinance 2011-018 to modify the development schedule, the following sections of the Ordinance shall apply:

Section 2. The Developer shall obtain approval from the County Commission and record an agreement to amend the note on the Design Center of the Americas Plat, as appropriate to be consistent with the level of development shown above (i.e., 380,000 square feet of office use and a 369 room hotel), prior to receiving Broward County Development and Environmental Regulation Division approval of construction plans for any new development.

A Plat note amendment was approved by the County Commission on 10/23/2012.

Section 4. That, prior to the issuance of any building permit for the additional 200,000 square feet of office floor area associated with the December 14, 2011, NOPC, the City will consult with the appropriate water supplier to ensure that adequate water supplies that will serve the new development will be available no later than the anticipated date of the Certificate of

Occupancy. Any determination that adequate water supplies will be available will require the demonstration that a consumptive use permit has been issued to the City with sufficient allocation available to serve the new development, given all other existing commitments for that allocation. The "sufficiency allocation" in the consumptive use permit shall be defined consistent with the permit's limiting conditions as they exist at the time of the building permit issuance. Permitted projects may be issued a Certificate of Occupancy only upon demonstration by the City that adequate water supply exists within the City's current legal allocation.

Threshold has not been reached, no action is required.

Section 5. That, prior to the issuance of any building permit for the additional 200,000 square feet of office floor area associated with the December 14, 2011, NOPC, the developer will remove and replace 60 feet of sidewalk on Griffin Road (SR 818), commencing 320 feet west of the cross walk and continuing west for 60 feet. The sidewalk shall be 6" thick with a maximum cross slope of 2 percent running slope to match the roadway slope. Pedestrian access to and from all buildings on site and connection to the roadway sidewalk are to be addressed as required by ADA.

Threshold has not been reached, no action is required.



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6500 N. Andrews Avenue • Fort Lauderdale, FL 33309 • Phone 954-776-1616

Response to DRC Comments

DRC meeting date: January 31, 2019

DCOTA DRI Abandonment request OT-85-18

Zoning designation = C-2/C-4

FLU designation = Commercial

1. TRAFFIC STUDY: per Section 605-30(K), a traffic study is required for all development generating in excess of 50 peak hour trips. Provide estimated number of peak trips.

DCOTA response: *At the DRC Meeting, it was determined that this was not applicable to this application.*

2. Must provide latest revised set of plans on disk prior to going to public hearing.

DCOTA response: *At the DRC Meeting, it was determined that this was not applicable to this application since there are no plan sets, however, any files needed electronically will be supplied.*

3. Applicant must obtain a statement from the City Engineer saying that the existing traffic circulation on and off site is sufficient and acceptable prior to public hearing.

DCOTA response: *Please see the Traffic Statement included in the resubmittal. In summary, the trips on and off site are at a level of service "C" and remain at a level of service "C" when estimating for full occupancy of the existing buildings and hotel. The summary of the findings is located on Page 11. Methodology for the Traffic Statement was coordinated between the City Engineering staff and the DCOTA Traffic Engineering consultant.*

4. Please e-mail resolution and legal description, prepared by an attorney, for development approval in word format to clajoie@daniabeachfl.gov four (4) weeks prior to public hearing.

DCOTA response: *Our land use attorney will prepare a draft Ordinance and coordinate with City staff to comply with this request.*

5. Applicant must provide the results of a Municipal Lien Search Request from the Finance Department stating that there are not outstanding Code Violations or Liens on the property prior to the item being scheduled for a public hearing. The statement must be no older than 90 days prior to the public hearing date. Per Section 680-40, any property

the demonstration that the consumptive use permit has been issued to the City with sufficient allocation available to serve the new development, given all other existing commitments for that allocation. The "sufficiency allocation" in the consumptive use permit shall be defined consistent with the permit's limiting conditions as they exist at the time of the building permit issuance. Permitted projects may be issued a Certificate of Occupancy only upon demonstration by the City that adequate water supply exists within the City's current legal allocation.

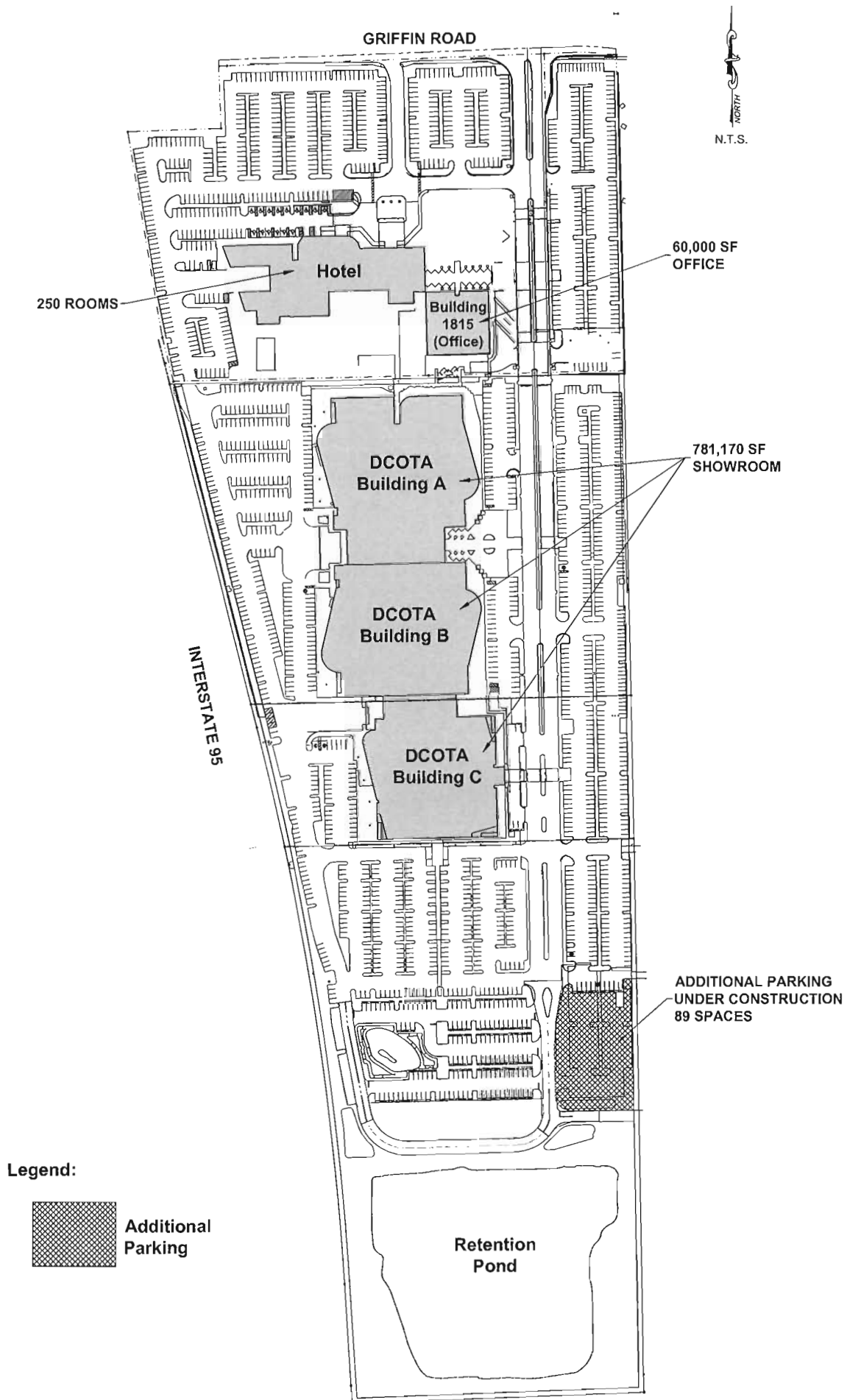
Threshold has not been reached, no action is required.

- That, prior to the issuance of any building permit for the additional 200,000 square feet of office floor area associated with the December 14, 2011 NOPC, the development will remove and replace 60 feet of sidewalk on Griffin Road (SR 818), commencing 320 feet west of the cross walk and continuing west for 60 feet. The sidewalk shall be 6" thick with a maximum cross slope of 2 percent running slope to match the roadway slope. Pedestrian access to and from all buildings on site and connecting to the roadway sidewalk are to be addressed as required by ADA.

Threshold has not been reached, no action is required.

DCOTA response: *These thresholds are not proposed to be reached. This application requests abandonment of the DRI which removes the rights to build the remaining development approved as part of the DRI.*

Existing Site Plan.





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TECHNICAL MEMORANDUM

DATE: April 11, 2019

TO: Kristen Nowicki, KCI Technologies

FROM: Jose L. Rodriguez, P. E.

SUBJECT: Traffic Statement for DCOTA DRI Abandonment
KCI Project No. 481900244.03

1.0 INTRODUCTION

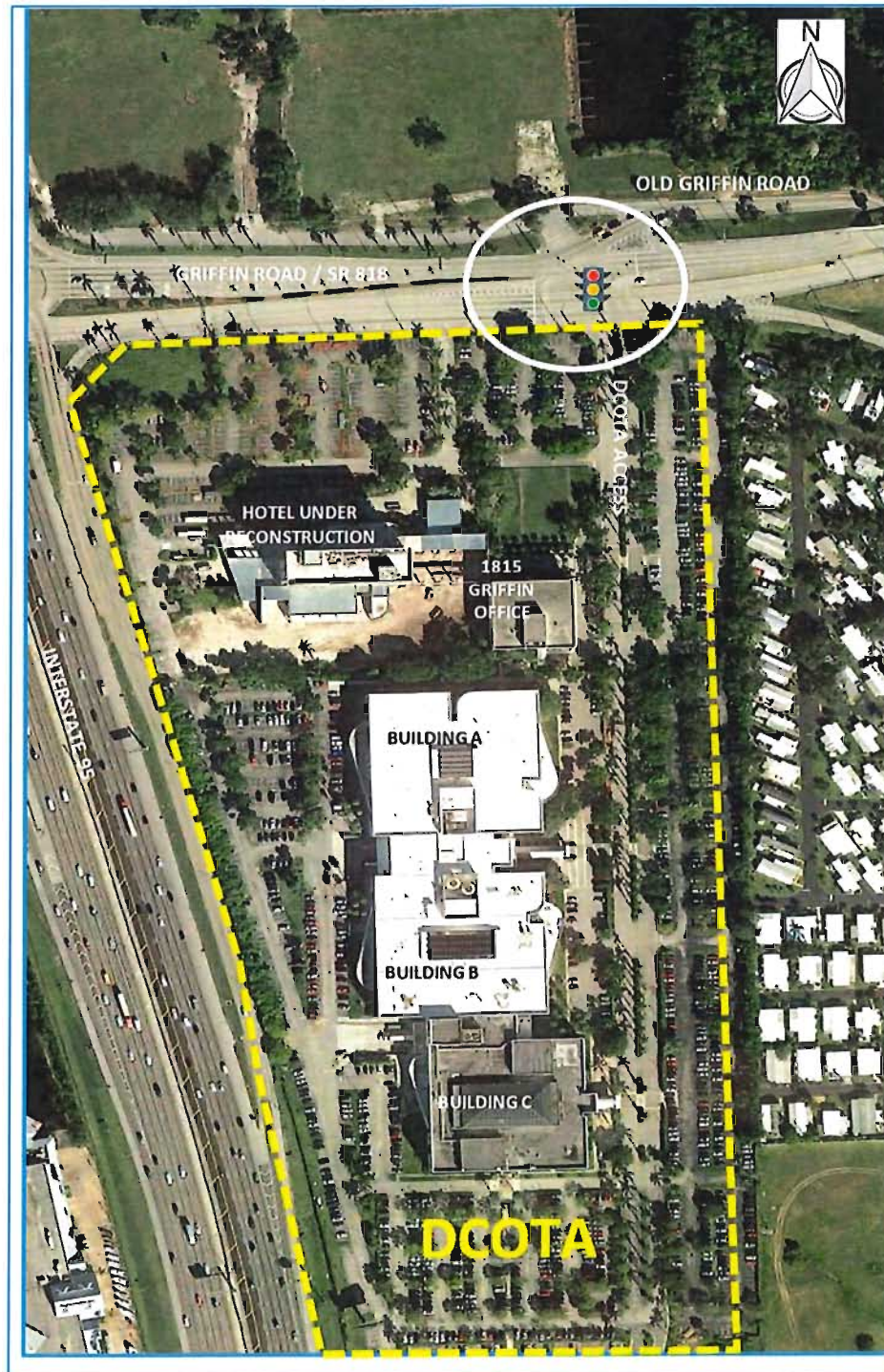
Efforts are currently underway by the proprietors of the Design Center of the Americas (DCOTA), located at 1855 Griffin Road in the City of Dania Beach, Florida, to abandon the existing DCOTA Development of Regional Impact (DRI) (see **Figure 1**). The procedure includes an application for this action through the City of Dania Beach. In a recent set of comments from the City's Development Review Committee (DRC), the committee requested a traffic statement that indicates the current status (existing conditions) of vehicle counts in and out of the DCOTA site, as well as the estimates if full tenant/hotel guest occupancy of the current buildings were achieved. This Traffic Statement addresses these issues.

The Design Center of the Americas (DCOTA), is a major showroom center serving the design community with the finest campus amenities and showrooms in the industry attracting world-class designers, architects, decorators, dealers and their clients.

The DCOTA consists of one four-story office building of approximately 60,000 square feet (1815 Building) and three showroom/commercial buildings totaling about 777,330 square feet.¹ An existing hotel is currently under re-construction and will have 245 rooms. This hotel has been closed for reconstruction for almost a year, but is expected to be completed by the end of 2019. DCOTA showrooms are open to-the-trade, Monday through Friday from 9:00 AM to 5:00 PM.

¹ Source: Broward County Property Appraiser (see **Appendix A**).

Figure 2
DCOTA Study Area



In a recent discussion with the City's Engineer (March 2019), a basic procedure to present the information including using traffic data collected in June 2018 was discussed. The City Engineer was concerned that the June 2018 data may be dated, although it was obtained less than one year ago. As such, the 2018 intersection volumes were adjusted through the application of a growth factor to estimate 2019 volumes

For purposes of this analysis, the intersection were adjusted to reflect estimated 2019 volumes by applying an annual growth rate of 0.82%. This rate was determined based on five-year volume information obtained at FDOT stations within the study area (see **Table 1**). The historic FDOT annual average daily traffic (AADT) information is provided in **Appendix C**.

Table 1
Compounded Annual Growth Rate at FDOT Count Stations

Road	FDT Count Station Location	Station	Annual Average Daily Traffic (AADT)					Growth/Yr
			2014	2015	2016	2017	2018	
Griffin Road	East of I-95	#86-0027	29,000	30,000	30,000	34,500	31,500	2.09%
Griffin Road	West of I-95	#86-0076	32,000	32,000	34,000	37,000	35,000	2.27%
Griffin Road	West of US-1	#86-5299	14,900	16,100	18,500	21,000	19,800	7.37%
US-1	North of Griffin Road	#86-0416	53,500	36,000	37,000	35,500	36,500	-9.12%
US-1	North of Dania Beach Blvd	#86-5037	33,000	35,000	34,000	47,500	33,000	0.00%
Old Griffin Road	West of US-1	#86-7319	5,200	13,500	13,700	13,700	13,700	27.40%
Stirling Road	East of I-95	#86-0032	36,500	37,500	40,500	40,000	41,000	2.95%
Sterling Road	West of I-95	#86-0092	50,000	49,500	51,000	48,000	52,000	0.99%
Weighted Average Annual Growth Rate			254,100	249,600	258,700	277,200	262,500	0.82%

Source: FDOT Traffic Online (2018) <https://tdaappsprod.dot.state.fl.us/fto/>

Figure 4 presents the 2019 AM and PM peak-hour volumes (as adjusted) at the DCOTA access intersection. The following peak-hour volumes were recorded at the DCOTA driveway:

2019 AM Peak-Hour (8 AM to 9 AM)

Inbound	713 vehicles
Outbound	45 vehicles
Total	758 vehicles

2019 PM Peak-Hour (5 PM to 6 PM)

Inbound	35 vehicles
Outbound	640 vehicles
Total	675 vehicles

Table 2
DCOTA ITE Trip Generation – Existing Conditions

AM Peak Hour								
Description	Densities		ITE Land Use Code	Trip Rates/Formula From ITE Trip Generation, 10th Edition, except where noted	Two Way AM Peak-Hour Trips	Inbound		Outbound
Land Use	EXISTING 2019	Units				%	TRIPS	% TRIPS
1 Showroom	777,330	Per 1,000 Sq. Ft. of GLA	N/A	$T = 1.45 (X) [1]$	1,126	94.1%	1059	5.9%
2 Hotel [2]	0	Rooms	310					
3 Office	60,000	Per 1,000 Sq. Ft. of GLA	710	$T = 0.94(X) + 26.49$	83	86.0%	71	14.0%
GROSS AM PEAK HOUR TRIPS =					1,209	93.5%	1,131	6.5%
Percent Internalization [3][4] =					12	50.0%	6	50.0%
Sub-Total					1,197	93.9%	1,125	6.1%
Transit Reduction [5]					24	93.9%	22	6.1%
TOTAL EXISTING 2018 DEVELOPMENT AM PEAK-HOUR TRIPS =					1,173	93.9%	1,102	6.1%
PM Peak Hour								
Description	Densities		Land Use Code	Trip Rates/Formula From ITE Trip Generation, 10th Edition, except where noted	Two Way AM Peak-Hour Trips	Inbound		Outbound
Land Use	EXISTING 2019	Units				%	TRIPS	% TRIPS
1 Showroom	777,330	Per 1,000 Sq. Ft. of GLA	N/A	$T = 1.29 (X) [1]$	1,003	5.2%	52	94.8%
2 Hotel [2]	0	Rooms	310					
3 Office	60,000	Per 1,000 Sq. Ft. of GLA	710	$\ln(T) = 0.95 \ln(X) + 0.36$	71	16.0%	11	84.0%
GROSS PM PEAK HOUR TRIPS =					1,074	5.9%	63	94.1%
Percent Internalization [3][4] =					16	0.0%	8	0.0%
Sub-Total					1,058	5.2%	55	94.8%
Transit Reduction [5]					21	5.2%	1	94.8%
TOTAL EXISTING 2018 DEVELOPMENT PM PEAK-HOUR TRIPS =					1,037	5.2%	54	94.8%

Notes:

- [1] PM Peak-Hour Trip Rate for Industrial/Showroom (Permits up to 30% Commercial) (1.29 trips per 1,000 square feet) obtained from "Broward County Trip Rates by Land Use, Effective December 8, 2009". Since there is no Broward County or ITE rate for AM peak-hour, assumed AM based on Ratio of actual 2019 DCOTA driveway volumes divided by PM volumes = 1.123 Ratio. Therefore, AM rate = $1.123 \times 1.29 = 1.45$ trips per 1,000 sf.
- [2] Original hotel under reconstruction as of June 2018 and no service available. No trips associated with this use at time of data collection.
- [3] Internalization based on internal person trip capture rates provided in ITE TRIP GENERATION, 10th EDITION.
- [4] No Pass-By trips applied due to nature of uses.
- [5] Transit reduction factor assumed due to proximity of Fort Lauderdale - Hollywood Airport Tri-Rail Station and BCT bus route 4 stop fronting site.

2. Hotel trips are not included since it was closed for reconstruction at the time of the traffic counts;
3. Internalization was based on internal person trip capture rates provided in *ITE Trip Generation Handbook, 3rd Edition*. The internalization matrices are provided in **Appendix D**;
4. Due to the nature of the land uses involved (office and Industrial showroom), no pass-by trips were applied; and
5. A transit reduction factor of 2% was assumed due to the site's proximity to the Fort Lauderdale-Hollywood Airport Tri-Rail Station and a BCT bus Route 4 stop fronting the site.²

The following are the ITE generated peak-hour volumes for DCOTA driveway:

² The average Broward County Transit mode share is 3.1% as per the Broward County Transit 2019-2028 Transit Development Plan, December 2018 (See **Appendix E**). A 2% share for DCOTA was assumed due to the site being served by one BCT route (Route 4) with peak hour headways over 45 minutes and Tri-Rail Shuttle Bus with low frequency (Eastbound only).

5.2 DCOTA Full Occupancy

Table 4 presents the trip generation estimates of DCOTA with the hotel and assumed full occupancy of the existing uses. The ITE trip rates associated with occupied hotel rooms were applied to the 245-room hotel. As shown in the table, the total AM peak-hour volume is estimated to be 1,331 vehicle trips (1,234 inbound and 127 outbound) and the PM peak-hour volume is 1,181 vehicle trips (125 inbound and 1,065 outbound). In these cases, the trip generation estimates include the hotel in the internalization mix, but no pass-by trips are applied. The internalization matrices are provided in **Appendix D**.

Table 4
DCOTA Trip Generation – Full Occupancy with Hotel

AM Peak Hour									
Description	Densities		Land Use	Trip Rates/Formula From ITE	Two Way	Inbound		Outbound	
Land Use	EXISTING 2019	Units	Code	Trip Generation, 10th Edition, except where noted	AM Peak-Hour Trips	%	TRIPS	%	TRIPS
1 Showroom	777,330	Per 1,000 Sq. Ft. of GLA	N/A	$T = 1.45 (X) [1]$	1,188	94.0%	1117	6.0%	71
2 Hotel [2]	245	Occupied Rooms	310	$T = 0.62(X)$	152	58.0%	88	42.0%	64
3 Office	60,000	Per 1,000 Sq. Ft. of GLA	710	$T = 0.94(X) + 26.49$	83	86.0%	71	14.0%	12
GROSS AM PEAK HOUR TRIPS =					1,423	89.7%	1,276	10.3%	147
Percent Internalization [3][4] =					34	50.0%	17	50.0%	17
Sub-Total					1,389	90.7%	1,259	9.3%	130
Transit Reduction [5]					28	90.7%	25	9.3%	3
TOTAL EXISTING 2018 DEVELOPMENT AM PEAK-HOUR TRIPS =					1,361	90.7%	1,234	9.3%	127
PM Peak Hour									
Description	Densities		Land Use	Trip Rates/Formula From ITE	Two Way	Inbound		Outbound	
Land Use	EXISTING 2019	Units	Code	Trip Generation, 10th Edition, except where noted	AM Peak-Hour Trips	%	TRIPS	%	TRIPS
1 Showroom	777,330	Per 1,000 Sq. Ft. of GLA	N/A	$T = 1.29 (X) [1]$	1,003	5.2%	52	94.8%	951
2 Hotel [2]	245	Occupied Rooms	310	$T = 0.73(X)$	179	49.0%	88	51.0%	91
3 Office	60,000	Per 1,000 Sq. Ft. of GLA	710	$\ln(T) = 0.95 \ln(X) + 0.36$	71	16.0%	11	84.0%	60
GROSS PM PEAK HOUR TRIPS =					1,253	12.1%	151	87.9%	1,102
Percent Internalization [3][4] =					48	0.0%	24	0.0%	24
Sub-Total					1,205	10.6%	127	89.4%	1,078
Transit Reduction [5]					24	10.6%	3	89.4%	22
TOTAL EXISTING 2018 DEVELOPMENT PM PEAK-HOUR TRIPS =					1,181	10.6%	125	89.4%	1,056

Notes:

- [1] PM Peak-Hour Trip Rate for Industrial/Showroom (Permits up to 30% Commercial) [1.29 trips per 1,000 square feet] obtained from "Broward County Trip Rates by Land Use, Effective December 8, 2009". Since there is no Broward County or ITE rate for AM peak-hour, assumed AM based on Ratio of actual 2019 DCOTA driveway volumes divided by PM volumes = 1.123 Ratio. Therefore, AM rate = $1.123 \times 1.29 = 1.45$ trips per 1,000 sf.
- [2] Hotel rooms as constructed = 245. Assigned Occupied Rooms for ITE estimate = 245.
- [3] Internalization based on internal person trip capture rates provided in ITE TRIP GENERATION, 10th EDITION.
- [4] No Pass-By trips applied due to nature of uses.
- [5] Transit reduction factor assumed due to proximity of Fort Lauderdale - Hollywood Airport Tri-Rail Station and BCT bus route 4 stop fronting site.

for Griffin Road. The LOS volumes are those found in the **2012 FDOT Quality/Level of Service Handbook Tables (see Appendix G)**.

Table 5
DCOTA LOS Link Analysis Comparison: Existing vs. Full Occupancy

Road Segment	Direction	Roadway Type/Lanes	FDOT Count Station (1)	2018 AADT (2)	FDOT Peak-Hour Directional LOS C (3)	FDOT Peak-Hour Directional Capacity LOS D (3)	Current 2019 Peak-Hour Directional Volume	Current 2019 LOS	Full Occupancy Peak-Hour Directional Volume (4)	Full Occupancy LOS	Percent Change in Peak-Hour Volume
AM PEAK-HOUR											
Griffin Road WEST of DCOTA	Eastbound	Class I - 6LD	86-0027	31,500	2,940	3,020	1,307	C	1,731	C	32.5%
	Westbound				2,940	3,020	702	C	770	C	9.8%
Griffin Road EAST of DCOTA	Eastbound	Class I - 6LD	86-0027	19,800	2,940	3,020	521	C	584	C	12.0%
	Westbound				2,940	3,020	739	C	752	C	1.8%
PM PEAK-HOUR											
Griffin Road WEST of DCOTA	Eastbound	6LD	86-0027	31,500	2,940	3,020	676	C	722	C	6.8%
	Westbound				2,940	3,020	1,980	C	2,342	C	18.3%
Griffin Road EAST of DCOTA	Eastbound	6LD	86-0027	19,800	2,940	3,020	732	C	786	C	7.4%
	Westbound				2,940	3,020	1,141	C	1,179	C	3.3%

Notes:

(1) FDOT Traffic Online

(2) Table 7, Generalized Peak Hour Directional Volumes for Florida's Urbanized Areas, 2012 FDOT Quality/Level of Service Handbook Tables.

(3) 2019 Peak-hour Volumes as presented in Figure Table 7, Generalized Peak Hour Directional Volumes for Florida's Urbanized Areas, 2012 FDOT Quality/Level of Service Handbook Tables.

(2) Table 7, Generalized Peak Hour Directional Volumes for Florida's Urbanized Areas, 2012 FDOT Quality/Level of Service Handbook Tables.

As indicated in **Table 5**, the current link level of service of Griffin Road with the existing DCOTA development scale for both the AM and PM peak-hours is LOS C. With the assumed full occupancy of the existing development plus the hotel at full room occupancy, the link level of service of Griffin Road with the fully occupied DCOTA development scale is LOS C for both the AM and PM peak-hours.

Therefore, the full occupancy of DCOTA (including the hotel) will produce no significant change to the current link level of service on Griffin Road in the immediate area.

Traffic Statement for DCOTA DRI Abandonment

APPENDIX A

BROWARD COUNTY PROPERTY APPRAISER INFORMATION



MARTY KIARD
BR  **WARD**
 COUNTY
 PROPERTY APPRAISER

A & B

Site Address	1855 GRIFFIN ROAD, DANIA BEACH FL 33004	ID #	5042 33 38 0010
Property Owner	DESIGN CENTER OF THE AMERICAS %COHEN BROTHERS REALTY	Millage	0413
Mailing Address	750 LEXINGTON AVE 29 FLR NEW YORK NY 10022	Use	29
Abbr Legal Description	DESIGN CENTER OF THE AMERICAS 119-32 B PARCEL "A" NLY 626		

The just values displayed below were set in compliance with Sec. 193.011, Fla. Stat., and include a reduction for costs of sale and other adjustments required by Sec. 193.011(8).

Property Assessment Values					
Year	Land	Building / Improvement	Just / Market Value	Assessed / SOH Value	Tax
2018	\$4,608,270	\$50,625,260	\$55,233,530	\$55,233,530	
2017	\$4,608,270	\$49,213,250	\$53,821,520	\$53,821,520	\$1,102,938.61
2016	\$4,608,270	\$49,213,250	\$53,821,520	\$53,821,520	\$1,117,810.46

2018 Exemptions and Taxable Values by Taxing Authority				
	County	School Board	Municipal	Independent
Just Value	\$55,233,530	\$55,233,530	\$55,233,530	\$55,233,530
Portability	0	0	0	0
Assessed/SOH	\$55,233,530	\$55,233,530	\$55,233,530	\$55,233,530
Homestead	0	0	0	0
Add. Homestead	0	0	0	0
Wid/Vet/Dis	0	0	0	0
Senior	0	0	0	0
Exempt Type	0	0	0	0
Taxable	\$55,233,530	\$55,233,530	\$55,233,530	\$55,233,530

Sales History			
Date	Type	Price	Book/Page or CIN
			2772 / 135

Land Calculations		
Price	Factor	Type
\$9.00	512,030	SF
Adj. Bldg. S.F. (Card, Sketch)	552737	
Eff./Act. Year Built: 1989/1988		

BUILDING
A AND B

Special Assessments								
Fire	Garb	Light	Drain	Impr	Safe	Storm	Clean	Misc
04						DS		
C								
552737						146.6		

Traffic Statement for DCOTA DRI Abandonment

APPENDIX B

**2018 TRAFFIC DATA AND 2018 PEAK SEASON
CONVERSION FACTOR**

GRIFFIN ROAD & DCO TA & OLD GRIFFIN
 DANIA BEACH, FLORIDA
 COUNTED BY: L. PALOMINO & S. SALVO
 SIGNALIZED

Traffic Survey Specialists, Inc.
 85 SE 4th Avenue, Unit 109
 Delray Beach, Florida 33483
 (561)272-3255

Study Name: GRIFOLD
 Site Code : 0018010
 Start Date: 06/12/1
 Page : 1

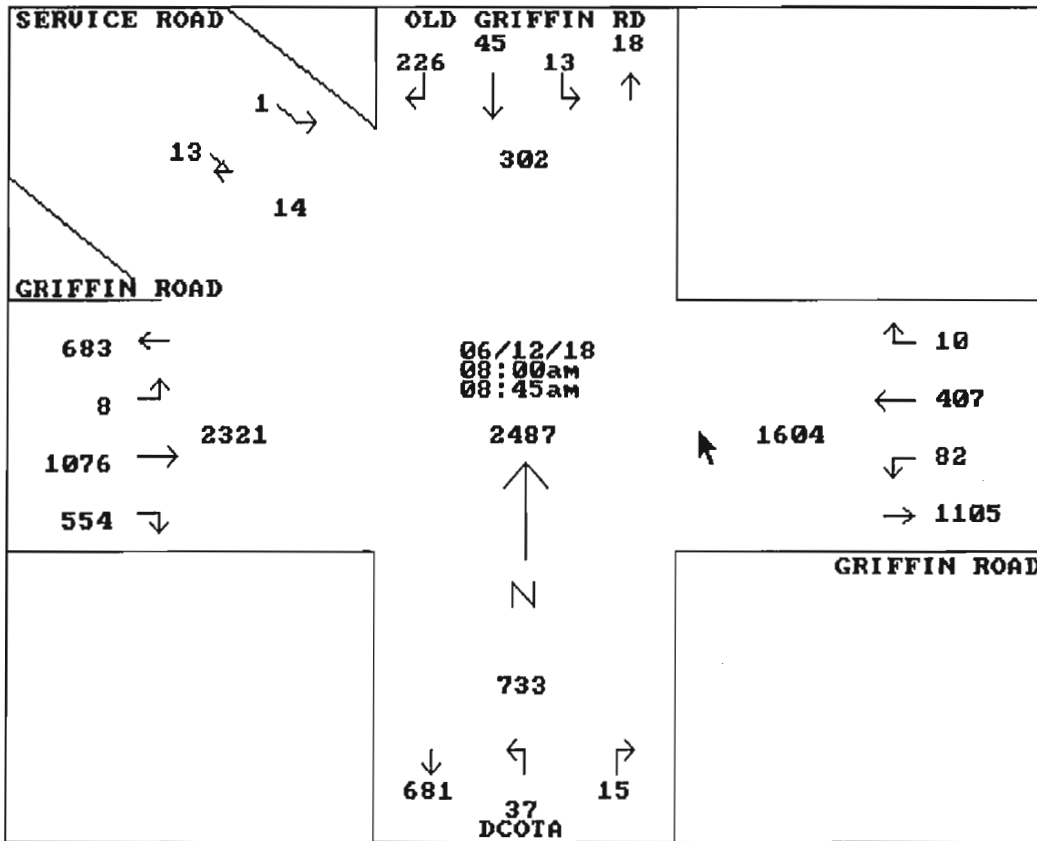
ALL VEHICLES									
Start Time	OLD GRIFFIN RD				GRIFFIN ROAD				Invtl. Total
	From North	Thru	Uturn	Left	From East	Thru	Uturn	Left	
06/12/18									
07:00	30	2	1	0	2	73	0	3	349
07:15	50	2	2	0	3	100	0	5	422
07:30	53	6	4	1	0	86	1	10	505
07:45	66	8	2	3	1	99	0	23	592
Hour	199	18	9	4	6	358	1	41	1868
08:00	54	9	3	0	6	98	0	13	600
08:15	62	10	2	0	1	106	0	25	581
08:30	67	12	4	0	1	99	0	17	637
08:45	43	14	3	1	2	104	0	26	669
Hour	226	45	12	1	10	407	0	81	2487
[BREAK]									
16:00	105	1	0	4	3	189	0	3	534
16:15	90	0	0	3	1	170	0	4	544
16:30	68	0	3	0	4	221	0	1	622
16:45	94	3	3	2	5	227	0	2	693
Hour	357	4	6	9	13	807	0	10	2393
17:00	111	0	3	3	3	233	0	4	721
17:15	75	1	3	2	7	311	1	3	917
17:30	66	0	1	4	2	279	0	3	852
17:45	49	1	1	0	5	242	0	3	756
Hour	301	2	8	9	17	1065	1	13	3246
Total	1083	69	35	23	46	2637	2	145	9994
% Apr.	89.5	5.7	2.8	1.9	1.6	93.0	-	5.1	-
% Int.	10.8	0.6	0.3	0.2	0.4	26.3	-	1.4	-

GRIFFIN ROAD & DCOTA & OLD GRIFFIN
 DANIA BEACH, FLORIDA
 COUNTED BY: L. PALOMINO & S. SALVO
 SIGNALIZED

Traffic Survey Specialists, Inc.
 85 SE 4th Avenue, Unit 109
 Delray Beach, Florida 33483
 (561)272-3255

Study Name: GRIFOLDG
 Site Code : 00180101
 Start Date: 06/12/18
 Page : 2

ALL VEHICLES																						
OLD GRIFFIN RD					GRIFFIN ROAD					DCOTA					GRIFFIN ROAD					SERVICE RO		
From North					From East					From South					From West					From North		
Start	UTurn										Right										THRU	
Time	Right	Thru	UTurn	Left	Right	Thru	UTurn	Left	OLD GR	Right	OLD GR	Thru	UTurn	Left	Right	Thru	OLD GR	Left	UTurn	Right	Left	
Peak Hour Analysis By Entire Intersection for the Period: 07:00 on 06/12/18 to 08:45 on 06/12/18																						
Time	08:00				08:00				08:00				08:00				08:00					
Vol.	226	45	12	1	10	407	0	81	1	7	8	0	0	37	554	685	391	0	8	13	1	
Pct.	79.5	15.8	4.2	0.3	2.0	81.5	0.0	16.2	0.2	13.4	15.3	0.0	0.0	71.1	33.8	41.8	23.8	0.0	0.4	92.8	7.1	
Total	284				499				52				1638				14					
High	08:30				08:15				08:45				08:45				08:00					
Vol.	67	12	4	0	1	106	0	25	1	3	1	0	0	15	209	160	83	0	2	4	0	
Total	83				133				19				454				4					
PHF	0.855				0.938				0.684				0.902				0.875					

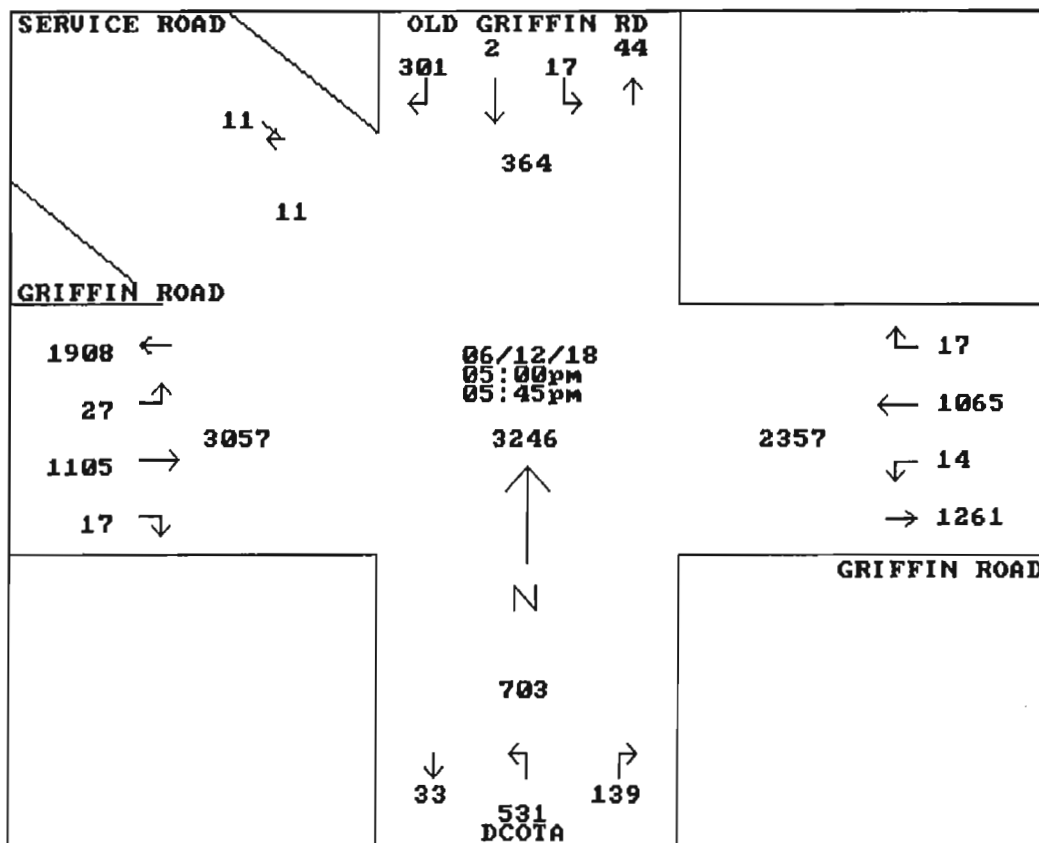


GRIFFIN ROAD & DCOTA & OLD GRIFFIN
 DANIA BEACH, FLORIDA
 COUNTED BY: L. PALOMINO & S. SALVO
 SIGNALIZED

Traffic Survey Specialists, Inc.
 85 SE 4th Avenue, Unit 109
 Delray Beach, Florida 33483
 (561)272-3255

Study Name: GRIFOLDG
 Site Code : 00180101
 Start Date: 06/12/18
 Page : 3

ALL VEHICLES																							
OLD GRIFFIN RD				GRIFFIN ROAD				DCOTA				GRIFFIN ROAD				SERVICE RO							
From North				From East				From South				From West				From North							
Start								UTurn	Right				THRU										
Time	Right	Thru	UTurn	Left	Right	Thru	UTurn	Left	OLD GR	Right	OLD GR	Thru	UTurn	Left	Right	Thru	OLD GR	Left	UTurn	Right	Left		
Peak Hour Analysis By Entire Intersection for the Period: 16:00 on 06/12/18 to 17:45 on 06/12/18																							
Time	17:00				17:00				17:00				17:00				17:00				17:00		
Vol.	301	2	8	9	17	1065	1	13	0	80	59	0	0	531	17	601	504	0	27	11	0		
Pct.	94.0	0.6	2.5	2.8	1.5	97.1	0.0	1.1	0.0	11.9	8.8	0.0	0.0	79.2	1.4	52.3	43.8	0.0	2.3	100.0	0.0		
Total	320				1096				670				1149				11						
High	17:00				17:15				17:15				17:15				17:00						
Vol.	111	0	3	3	7	311	1	3	0	20	20	0	0	170	1	159	136	0	6	3	0		
Total	117				322				210				302				3						
PHF	0.684				0.851				0.798				0.951				0.917						



2018 PEAK SEASON FACTOR CATEGORY REPORT - REPORT TYPE: ALL
 CATEGORY: 8601 CEN.-W OF US1 TO SR7

MOCF: 0.98

WEEK	DATES	SF	PSCF
1	01/01/2018 - 01/06/2018	1.00	1.02
2	01/07/2018 - 01/13/2018	1.01	1.03
3	01/14/2018 - 01/20/2018	1.01	1.03
4	01/21/2018 - 01/27/2018	1.00	1.02
* 5	01/28/2018 - 02/03/2018	0.99	1.01
* 6	02/04/2018 - 02/10/2018	0.97	0.99
* 7	02/11/2018 - 02/17/2018	0.96	0.98
* 8	02/18/2018 - 02/24/2018	0.96	0.98
* 9	02/25/2018 - 03/03/2018	0.96	0.98
*10	03/04/2018 - 03/10/2018	0.97	0.99
*11	03/11/2018 - 03/17/2018	0.97	0.99
*12	03/18/2018 - 03/24/2018	0.97	0.99
*13	03/25/2018 - 03/31/2018	0.98	1.00
*14	04/01/2018 - 04/07/2018	0.98	1.00
*15	04/08/2018 - 04/14/2018	0.98	1.00
*16	04/15/2018 - 04/21/2018	0.99	1.01
*17	04/22/2018 - 04/28/2018	1.00	1.02
18	04/29/2018 - 05/05/2018	1.01	1.03
19	05/06/2018 - 05/12/2018	1.02	1.04
20	05/13/2018 - 05/19/2018	1.03	1.05
21	05/20/2018 - 05/26/2018	1.03	1.05
22	05/27/2018 - 06/02/2018	1.03	1.05
23	06/03/2018 - 06/09/2018	1.02	1.04
24	06/10/2018 - 06/16/2018	1.02	1.04
25	06/17/2018 - 06/23/2018	1.02	1.04
26	06/24/2018 - 06/30/2018	1.02	1.04
27	07/01/2018 - 07/07/2018	1.02	1.04
28	07/08/2018 - 07/14/2018	1.03	1.05
29	07/15/2018 - 07/21/2018	1.03	1.05
30	07/22/2018 - 07/28/2018	1.02	1.04
31	07/29/2018 - 08/04/2018	1.02	1.04
32	08/05/2018 - 08/11/2018	1.01	1.03
33	08/12/2018 - 08/18/2018	1.01	1.03
34	08/19/2018 - 08/25/2018	1.01	1.03
35	08/26/2018 - 09/01/2018	1.02	1.04
36	09/02/2018 - 09/08/2018	1.02	1.04
37	09/09/2018 - 09/15/2018	1.03	1.05
38	09/16/2018 - 09/22/2018	1.02	1.04
39	09/23/2018 - 09/29/2018	1.01	1.03
40	09/30/2018 - 10/06/2018	1.01	1.03
41	10/07/2018 - 10/13/2018	1.00	1.02
42	10/14/2018 - 10/20/2018	1.00	1.02
43	10/21/2018 - 10/27/2018	1.00	1.02
44	10/28/2018 - 11/03/2018	1.00	1.02
45	11/04/2018 - 11/10/2018	1.01	1.03
46	11/11/2018 - 11/17/2018	1.01	1.03
47	11/18/2018 - 11/24/2018	1.01	1.03
48	11/25/2018 - 12/01/2018	1.01	1.03
49	12/02/2018 - 12/08/2018	1.00	1.02
50	12/09/2018 - 12/15/2018	1.00	1.02
51	12/16/2018 - 12/22/2018	1.01	1.03
52	12/23/2018 - 12/29/2018	1.01	1.03
53	12/30/2018 - 12/31/2018	1.01	1.03

* PEAK SEASON

25-FEB-2019 16:26:26

830UPD

4_8601_PKSEASON.TXT

Traffic Statement for DCOTA DRI Abandonment

APPENDIX C

HISTORIC FDOT ANNUAL AVERAGE DAILY TRAFFIC (AADT)

FLORIDA DEPARTMENT OF TRANSPORTATION
TRANSPORTATION STATISTICS OFFICE
2018 HISTORICAL AADT REPORT

NTY: 86 - BROWARD

3: 0076 - SR 818 / GRIFFIN RD - W OF SR 9/I 95

	AADT	DIRECTION 1	DIRECTION 2	*K FACTOR	D FACTOR	T FACTOR
3	35000 C	E 18000	W 17000	9.00	54.50	5.70
7	37000 C	E 18000	W 19000	9.00	51.90	4.50
5	34000 C	E 17000	W 17000	9.00	54.10	5.70
5	32000 C	E 16000	W 16000	9.00	54.00	5.80
1	32000 C	E 16000	W 16000	9.00	54.20	7.60
3	32000 C	E 16000	W 16000	9.00	53.60	6.50
2	33500 C	E 17000	W 16500	9.00	52.20	6.00
1	31500 C	E 15000	W 16500	9.00	52.50	5.00
0	28500 C	E 14000	W 14500	8.35	52.69	5.00
9	30500 C	E 15000	W 15500	8.53	53.89	5.10
3	33500 C	E 17500	W 16000	8.81	54.16	4.70
7	40500 C	E 20500	W 20000	8.63	55.75	5.10
5	42500 C	E 21500	W 21000	8.40	55.34	5.40
5	40500 C	E 20000	W 20500	8.20	51.70	4.60
1	41500 C	E 20500	W 21000	9.10	55.30	4.60
3	44500 C	E 21000	W 23500	8.60	57.50	5.60

AADT FLAGS: C = COMPUTED; E = MANUAL ESTIMATE; F = FIRST YEAR ESTIMATE
S = SECOND YEAR ESTIMATE; T = THIRD YEAR ESTIMATE; R = FOURTH YEAR ESTIMATE
V = FIFTH YEAR ESTIMATE; 6 = SIXTH YEAR ESTIMATE; X = UNKNOWN
*K FACTOR: STARTING WITH YEAR 2011 IS STANDARDK, PRIOR YEARS ARE K30 VALUES

FLORIDA DEPARTMENT OF TRANSPORTATION
TRANSPORTATION STATISTICS OFFICE
2018 HISTORICAL AADT REPORT

NTY: 86 - BROWARD

3: 0416 - SR 5/US 1 - N OF 'NEW' GRIFFIN RD. - REF STATION # 0001

	AADT	DIRECTION 1	DIRECTION 2	*K FACTOR	D FACTOR	T FACTOR
3	36500 C	N 17500	S 19000	9.00	54.10	3.20
3	35500 C	N 17500	S 18000	9.00	53.80	5.00
7	37000 C	N 18500	S 18500	9.00	55.20	5.00
5	36000 C	N 15000	S 21000	9.00	54.90	4.40
5	53500 S	N 25000	S 28500	9.00	54.50	4.40
3	53500 F	N 25000	S 28500	9.00	54.60	6.30
2	53500 C	N 25000	S 28500	9.00	55.00	2.50
L	48000 C	N 22000	S 26000	9.00	54.50	2.50
0	40000 C	N 20000	S 20000	9.37	54.06	2.50
3	48000 C	N 23500	S 24500	9.31	53.74	6.80
3	46000 C	N 20500	S 25500	9.70	54.48	6.80
7	52000 C	N 26000	S 26000	9.10	53.47	2.50
5	51000 C	N 24500	S 26500	9.48	53.59	4.20
5	55000 C	N 27000	S 28000	10.60	58.90	3.40
1	58000 C	N 29000	S 29000	10.40	56.30	3.40
3	49000 C	N 24000	S 25000	9.20	55.90	3.40

AADT FLAGS: C = COMPUTED; E = MANUAL ESTIMATE; F = FIRST YEAR ESTIMATE
S = SECOND YEAR ESTIMATE; T = THIRD YEAR ESTIMATE; R = FOURTH YEAR ESTIMATE
V = FIFTH YEAR ESTIMATE; 6 = SIXTH YEAR ESTIMATE; X = UNKNOWN
*K FACTOR: STARTING WITH YEAR 2011 IS STANDARDK, PRIOR YEARS ARE K30 VALUES

FLORIDA DEPARTMENT OF TRANSPORTATION
TRANSPORTATION STATISTICS OFFICE
2018 HISTORICAL AADT REPORT

NTY: 86 - BROWARD

3: 5299 - SR 818 / GRIFFIN RD - W OF US 1

	AADT	DIRECTION 1	DIRECTION 2	*K FACTOR	D FACTOR	T FACTOR
		-----	-----	-----	-----	-----
3	19800 C	E 10500	W 9300	9.00	54.50	5.40
7	21000 C	E 10500	W 10500	9.00	51.90	5.40
5	18500 C	E 9800	W 8700	9.00	54.10	16.00
5	16100 C	E 7800	W 8300	9.00	54.00	16.00
4	14900 C	E 6900	W 8000	9.00	54.20	16.00
3	15100 C	E 8300	W 6800	9.00	53.60	6.50
2	16800 C	E 8800	W 8000	9.00	52.20	6.00
L	17900 C	E 9200	W 8700	9.00	52.50	5.00
0	17400 C	E 8300	W 9100	8.35	52.69	5.00
3	17700 C	E 8800	W 8900	8.53	53.89	5.10
3	17600 C	E 8700	W 8900	8.81	54.16	4.60
7	14900 C	E 7400	W 7500	8.63	55.75	4.50
5	15100 C	E 7300	W 7800	8.40	55.34	5.40
5	14300 C	E 7000	W 7300	8.20	51.70	5.40
4	15000 C	E 7500	W 7500	9.10	55.30	5.40
3	14900 C	E 7400	W 7500	8.60	57.50	5.40

AADT FLAGS: C = COMPUTED; E = MANUAL ESTIMATE; F = FIRST YEAR ESTIMATE
S = SECOND YEAR ESTIMATE; T = THIRD YEAR ESTIMATE; R = FOURTH YEAR ESTIMATE
V = FIFTH YEAR ESTIMATE; 6 = SIXTH YEAR ESTIMATE; X = UNKNOWN
*K FACTOR: STARTING WITH YEAR 2011 IS STANDARDK, PRIOR YEARS ARE K30 VALUES

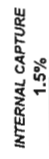
Traffic Statement for DCOTA DRI Abandonment

APPENDIX D

TRIP GENERATION INTERNALIZATION MATRICES

DCOTA
Weekday PM Peak Hour

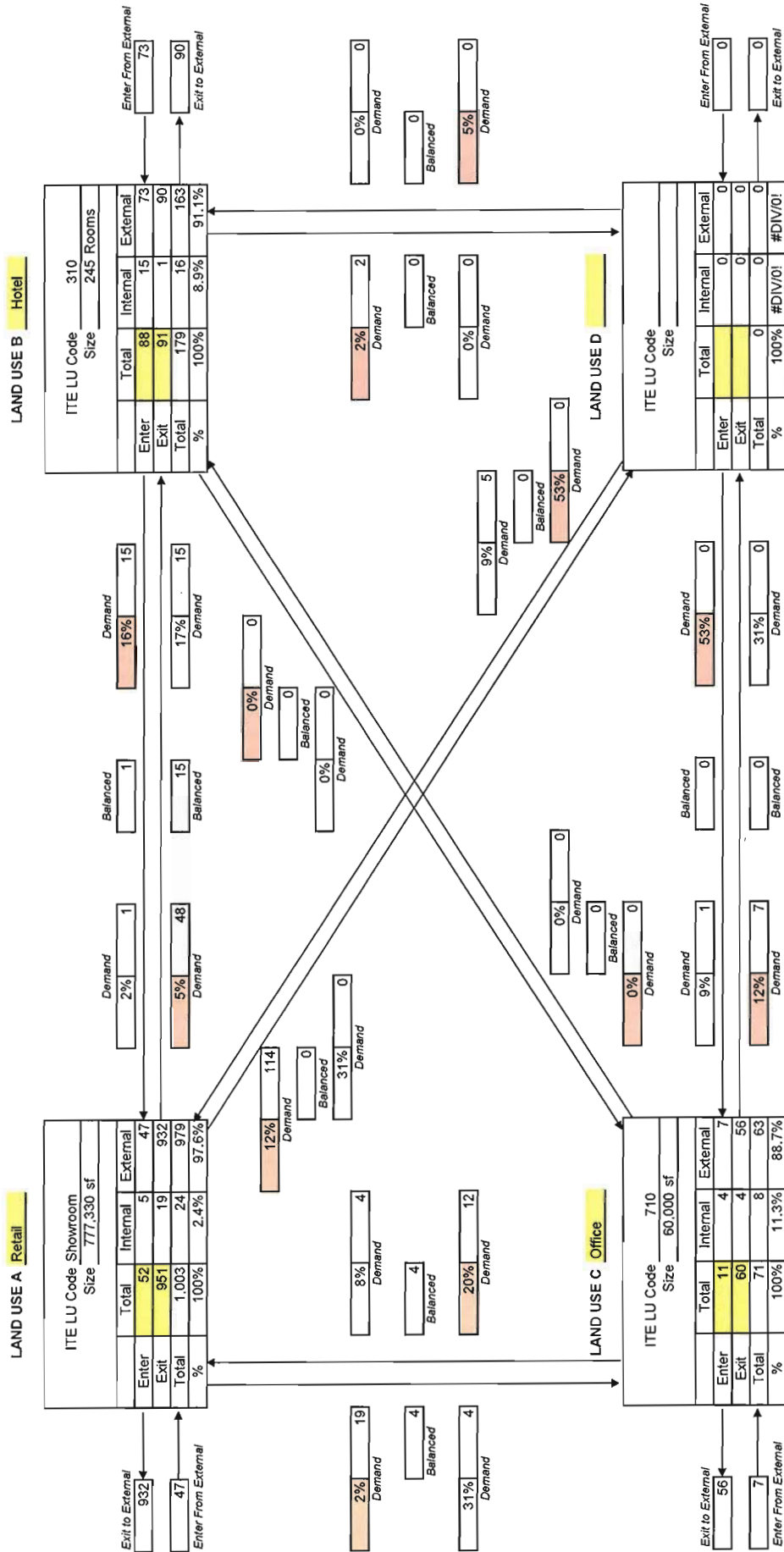
Project Name
Time Period

n:\ranplan\vero\TE Internalization.xls

Analyst _____
Date _____

Project Name	DCOTA Weekday
--------------	------------------

DCOTA
Weekday PM Peak Hour



		NET EXTERNAL TRIPS FOR MULTI-USE DEVELOPMENT						TOTAL
		LAND USE A	LAND USE B	LAND USE C	LAND USE D	LAND USE E	LAND USE F	
	Enter	47	73	7	0	0	127	
	Exit	932	90	56	0	1,078	0	
	Total	979	163	63	0	1,205	0	
	Single-Use Trip Gen. Est.	1,003	179	71	0	1,253	0	

INTERNAL CAPTURE
3.8%

Traffic Statement for DCOTA DRI Abandonment

APPENDIX E

BROWARD COUNTY TRANSIT MODE SHARE

BASELINE CONDITIONS

Travel Time to Work

Table 3-18 details the average travel time for workers in Broward County compared to the typical Florida resident. In general, Broward County commute times are longer than the typical Florida resident. In Broward County, only 7.5% of employed residents can reach work within 10 minutes, which is lower than the comparable state figure. In fact, 55.4% of Broward residents can travel to work within 30 minutes, compared with 60.1% of Florida residents. More than 8% of Broward residents have commute times greater than 60 minutes.

Table 18: Travel Time to Work

Location	< 10 Minutes	10–19 Minutes	20–29 Minutes	30–44 Minutes	45–59 Minutes	> 60 Minutes
Broward	7.5%	24.8%	23.1%	26.8%	9.5%	8.3%
Florida	9.3%	27.8%	23.0%	23.9%	8.6%	7.5%

Source: 2016 ACS 5-Year Estimates

Means of Travel to Work

As shown in Table 3-19, nearly four out of every five workers in Broward County drive alone to work, which is commensurate with Florida as a whole. Three percent of workers take public transportation, which is moderately higher than the statewide figure. Carpooling, walking/biking, and other forms of travel to work are comparable to the statewide average mode shares.

Table 19: Travel Mode to Work

Location	Drive Alone	Carpool	Public Transportation	Walk/Bike	Work from Home	Other
Broward	79.4%	9.4%	3.0%	1.9%	4.9%	1.5%
Florida	79.5%	9.3%	2.1%	2.2%	5.4%	1.5%

Source: 2016 ACS 5-Year Estimates

Roadway Conditions

Maps 3-13 and 3-14 depict roadway level-of-service (LOS) during peak travel periods in Broward County in 2017 and 2040, respectively. Level of service is a measure that describes the quality of traffic service along a given roadway segment. A large component in evaluating a roadway's LOS is the volume of cars compared to the design capacity of the roadway. As this ratio approaches 1.0, congestion increases and travel speeds decrease, resulting in diminished levels of service. Additional factors, such as the number of lanes, travel speed, and density of traffic contribute, to formulating LOS scores, which are based on a scale of "A" (free-flow) to "F" (failing with significant delays).

In the 2017 LOS map, roadway segments with scores of "D" or worse are primarily found east of I-95 and south of I-595. Severely congested roadways that extend across the county become more congested closer to Miami, particularly around Hollywood. Otherwise, most roadways in 2017 were categorized as "C," exhibiting near free-flow traffic with minor restrictions on traffic movement. However, as the 2040

Traffic Statement for DCOTA DRI Abandonment

APPENDIX F

**BROWARD COUNTY 2017 AND 2040
ROADWAY CAPACITY AND LEVEL OF SERVICE ANALYSIS**

LAW OFFICES
**DOUMAR, ALLSWORTH, LAYSTROM, VOIGT,
ADAIR & DISHOWITZ, LLP**

JOHN H. ADAIR, III, P.A.
EMERSON ALLSWORTH, P.A.
E. SCOTT ALLSWORTH, P.A.
MARK E. ALLSWORTH, P.A.

1177 SOUTHEAST THIRD AVENUE
FORT LAUDERDALE, FLORIDA 33316-1109
BROWARD (954) 762-3400
TOLL FREE (866) 242-9488
TELEFAX (954) 525-3423
WEBSITE: SFLALAW.COM

BENJAMIN R. DISHOWITZ, P.A.
RAYMOND A. DOUMAR, P.A.*
C. WILLIAM LAYSTROM, JR., P.A.
JOHN D. VOIGT, P.A.
JEFFREY S. WACHS, P.A.+

+ALSO ADMITTED IN PENNSYLVANIA
*FORMERLY ADMITTED IN MICHIGAN

OF COUNSEL
JOHN W. PERLOFF, P.A.
JODIE SIEGEL, P.A.

December 6, 2018

Ms. Corinne Lajoie, AICP, LEED GA
Planning and Zoning Manager
City of Dania Beach
100 W. Dania Beach Boulevard
Dania Beach, Florida 33004

Re: Request for Abandonment of the Design Center of the
Americans DRI

Dear Ms. Lajoie:

On behalf of the Design Center of the Americas, LLC, we are requesting to abandon the Design Center of the Americas DRI. Included in the application package is the current biennial monitoring report, which includes the status of each of the conditions of the DRI (Exhibit G), as well as a statement of what approved buildings have been completed with a sketch.

Chapter 380.06, Florida Statutes, placed the responsibility on the developer of an approved development of regional impact (DRI) for submitting a biennial report to the local government, the regional planning agency, the Department of Economic Opportunity, and to all affected permit agencies.

On April 9, 2018, Florida's Governor signed into a law a bill that significantly amended Chapter 380.06, Florida Statutes, and removed the requirements for monitoring reports to be submitted to the Department of Economic Opportunity or the regional planning agency. As you are aware, all DRI enforcement

Ms. Corinne Lajoie, AICP, LEED GA
December 6, 2018
Page 2

has been shifted only to the local government. As a result, both Broward County and the State of Florida are no longer involved in this process.

Therefore, we are submitting the updated report to the City of Dania Beach for consideration with an application to abandon the Design Center of the Americas DRI under the City of Dania Beach's application requirements. The report mirrors the format of the State-required reports in the past. The last report monitoring period was December 1, 2012 through November 23, 2015. This report begins on November 24, 2015 and goes through November 16, 2018.

We are submitting the application package in December for review with the understanding that the DRC meeting will be held during the month of January. Thank you for your attention to this matter. Please contact me should you have any questions or if anything further is required with regard to the application or supporting documentation.

Sincerely,

A handwritten signature in blue ink, appearing to read "John D. Voigt", is written over a light blue rectangular background.

JOHN D. VOIGT
For the Firm

JDV/kdr

ORDINANCE NO. 47-91

AN ORDINANCE OF THE CITY OF DANIA, FLORIDA, AMENDING THE DEVELOPMENT ORDER FOR THE DESIGN CENTER OF THE AMERICAS DEVELOPMENT OF REGIONAL IMPACT ADOPTED BY CITY OF DANIA ORDINANCE NO. 20, AS AMENDED BY CITY OF DANIA ORDINANCE NO. 04-84, CITY OF DANIA ORDINANCE NO. 22-84, CITY OF DANIA ORDINANCE NO. 05-87, CITY OF DANIA ORDINANCE NO. 02-88, AND CITY OF DANIA ORDINANCE NO. 23-90 TO MODIFY CERTAIN CONDITIONS RELATING TO THE DEVELOPMENT OF THE DESIGN CENTER OF THE AMERICAS DEVELOPMENT OF REGIONAL IMPACT AND TO MODIFY THE PHASING SCHEDULE DESCRIBED IN THE DESIGN CENTER OF THE AMERICAS APPLICATION FOR DEVELOPMENT APPROVAL; PROVIDING THAT ALL TERMS AND CONDITIONS OF THE DEVELOPMENT ORDER SHALL REMAIN IN FULL FORCE AND EFFECT, EXCEPT AS AMENDED BY THIS ORDINANCE; PROVIDING FOR SEVERABILITY; PROVIDING THAT ALL ORDINANCES OR PARTS OF ORDINANCES AND ALL RESOLUTIONS OR PARTS OF RESOLUTIONS IN CONFLICT HERewith BE REPEALED TO THE EXTENT OF SUCH CONFLICT; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Dania previously adopted a Development Order (the "Development Order") by Ordinance No. 20 on September 13, 1983, approving with conditions the Application for Development Approval for the Development of Regional Impact known as the Design Center of the Americas; and

WHEREAS, the Development Order was subsequently amended by City of Dania Ordinance No. 04-84, adopted on April 24, 1984, City of Dania Ordinance No. 22-84, adopted on September 25, 1984, City of Dania Ordinance No. 05-87, adopted on April 14, 1987, City of Dania Ordinance No. 02-88, adopted February 9, 1988, and City of Dania Ordinance No. 23-90, adopted on May 8, 1990; and

WHEREAS, the Development Order, as amended, includes certain conditions relating to the construction of Northwest 2nd Street from the project to Bryan Road and associated traffic engineering improvements; and

WHEREAS, the Developer of the Design Center of the Americas previously submitted to the South Florida Regional Planning Council, Broward County, and the City of Dania a traffic study pursuant to Section 1.01N of the Development Order, as amended, demonstrating that it is not necessary to construct Northwest 2nd Street and the associated traffic engineering improvements in order to maintain acceptable levels of service on the roadway system; and

WHEREAS, it is deemed advisable to modify the Development Order, as amended, in order to conform the Development Order with the results of such traffic study; and

WHEREAS, the Application for Development Approval approved by the Development Order, as amended, described a phasing schedule for the development of the Design Center of the Americas; and

WHEREAS, the City of Dania has received a request from the Developer of the Design Center of the Americas to amend the Development Order, as amended, to modify the phasing schedule described in the Application for Development Approval; and

WHEREAS, the City of Dania has reviewed the proposed modification of the conditions of the Development Order, as amended, relating to the construction of Northwest 2nd Street, and the proposed modification to the phasing schedule described in the Application for Development Approval pursuant to the criteria enumerated in Section 380.06(19), Florida Statutes, and has determined that such proposed modification, subject to the conditions contained herein, does not constitute a "substantial deviation" from the approved Development Order, as amended, requiring further development of Regional Impact review.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF DANIA, FLORIDA:

Section 1. That the above recitals are true and correct and are incorporated herein by reference.

Section 2. Section 1.01 of the Development Order, as amended, is hereby amended to delete Paragraphs N, O, P, V, W, Z, AA and CC.

Section 3. New Paragraphs N and V of Section 1.01 of the Development Order, as amended, are hereby created to read as follows:

N. The Applicant shall pay the following amounts to the Florida Department of Transportation ("FDOT") at the times indicated below as a fair share assessment for improvements to the intersections of I-95 and Stirling Road and I-95 and Griffin Road:

(1) Prior to the issuance of a certificate of occupancy by the City for the Phase 3 Wholesale Showroom (250,000 square feet) - \$37,493.45;

(2) Prior to the issuance of a certificate of occupancy by the City for the Phase 3 office building (120,000 square feet) - \$45,640.60;

(3) Prior to the issuance of a certificate of occupancy by the City for the Phase 4 Wholesale Showroom (190,889 square feet) - \$27,711.35.

* * *

V. The City will withhold issuance of the respective certificate of occupancy until the Applicant provides the City with a signed receipt or other documentary evidence indicating that the amount set forth below relating to the specific development approved by that certificate of occupancy has been paid to FDOT as provided below:

(1) Phase 3 Wholesale Showroom (260,000 square feet) - \$37,493.46;

(2) Phase 3 Office Building (120,000 square feet) - \$45,640.60;

(3) Phase 4 Wholesale Showroom (190,809 square feet) - \$27,711.35.

Section 4. That a modification in the phasing schedule for development of the Design Center of the Americas Development of Regional Impact, as described in the Application for Development Approval, approved by the Development Order, as amended, is hereby approved so that the phasing schedule shall now consist of the following:

Phase	Design Center Showroom	Office	Hotel Rooms	Construction Begin	Construction End	Operations Beginning
1	261,111 s.f.	60,000 s.f.	250	1983	1985	1984
2	288,000 s.f.			1987	1988	1988
3	260,000 s.f.	120,000 s.f.		1993-94	1994-95	1994-95
4	190,889 s.f.			1996-97	1997-98	1997-98

Provided, however, that the Phase 1 Design Center Showroom building may contain more than 261,111 square feet and the Phase 2 Design Center Showroom Building may contain less than 288,000 square feet, provided the combined square footage of the Phase 1 and 2 Design Center Showroom Buildings does not exceed 549,111 square feet.

Section 5. That except as modified hereby, all terms and conditions of the Development Order, as amended, shall remain in full force and effect. The phasing schedule for the Design Center of the Americas set forth in Section 4 above shall be utilized in determining whether any future change in the phasing schedule constitutes a substantial deviation pursuant to Section 380.06(19), Florida Statutes.

Section 6. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions of this ordinance.

Section 7. That all ordinances or parts of ordinances and all resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed to the extent of such conflict.

Section 8. That this ordinance shall be in force and take effect immediately upon its final passage and adoption.

PASSED AND ADOPTED on First Reading on the 22nd day of October, 1991.

PASSED AND ADOPTED on Second and Final Reading on the 17th day of December, 1991.

Robert Mikes
ROBERT MIKES, MAYOR

ATTEST:

Wanda Mullikin
WANDA MULLIKIN
CITY CLERK

APPROVED AS TO FORM AND CORRECTNESS

BY: Frank C. Adler
FRANK ADLER
CITY ATTORNEY

F:\VOTING\SYSTEMS\SYSTEMS\SYSTEMS\SYSTEMS



City of Dania Beach, Florida
Department of Community Development
Planning and Zoning Division
(954) 924-6805 X3643
(954) 922-2687 Fax

Standard Development Application

- ☐ Administrative Variance
- ☐ Land Use Amendment
- ☐ Plat
- ☐ Rezoning
- ☐ Site Plan
- ☐ Special Exception
- ☐ Variance
- ☐ Other: DRI Abandonment (SEE APPLICATION TYPE SCHEDULE ON PAGES 3 & 4)

Date Rec'd: _____

Petition No.: QT-85-19

THIS APPLICATION WILL NOT BE ACCEPTED UNTIL IT IS COMPLETE AND SUBMITTED WITH ALL NECESSARY DOCUMENTS. Refer to the application type at the top of this form and "Required Documentation" checklist to determine the supplemental documents required with each application.

For after the fact applications, the responsible contractor of record shall be present at the board hearing. Their failure to attend may impact upon the disposition of your application. As always, the applicant or their authorized legal agent must be present at all meetings. All projects must also obtain a building permit from the City Building Division. For more information please reference the **Dania Beach Land Development Code Part 6, Development Review Procedures and Requirements.**

Location Address: 1855 Griffin Road, Dania Beach, 33004

Lot(s): ---- Block: --- Subdivision: Application covers both of the entire plats listed below:

Recorded Plat Name: Design Center of the Americas and Design Center Hotel Office Complex

Folio Number(s): See attached. Legal Description: See attached.

Applicant/Consultant/Legal Representative (circle one) John D. Voigt, Esq. (Doumar, Allsworth, Laystrom, Voigt,

Address of Applicant: 1177 SE 3rd Avenue, Ft. Lauderdale, FL 33316 Wachs, & Adair LLP)

Business Telephone: 954-762-3400 Home: _____ Fax: 954-468-1469

E-mail address: JDVOIGT@aol.com

Name of Property Owner: See attached owners by parcel ID

Address of Property Owner: DCOTA - 1855 Griffin Road, Suite B-482, Dania Beach, FL 33004

Business Telephone: 954-607-2626 Home: _____ Fax: _____

Explanation of Request: To abandon the "Design Center of the Americas" DRI.

*For **Plats** please provide proposed **Plat Name** for **Variances** please attach **Criteria Statement** as per **Section 625.40 of the Land Development Code.***

Prop. Net Acreage: 43.777 Gross Acreage: _____ Prop. Square Footage: _____

Existing Use: Wholesale Showroom, Proposed Use: Wholesale Showroom, Office, and Hotel.
Office, and Hotel

Is property owned individually, by a corporation, association, or a joint venture?

AUTHORIZED REPRESENTATIVE

I/we are fully aware of the request being made to the City of Dania Beach. If I/We are unable to be present, I/we hereby authorize John D. Voigt and Doumar Allsworth Laystrom et al (individual/firm) to represent me/us in all matters related to this application. I/we hereby acknowledge that the applicable fee was established to offset administrative costs and is not refundable.

I/we are fully aware that all approvals automatically expire within 12 months of City of Dania Beach Planning and Zoning Board or City Commission approval, or pursuant to the expiration timeframe listed in Part 6 of the Dania Beach Land Development Code.

STATE OF FLORIDA
COUNTY OF BROWARD
The foregoing instrument
was acknowledged

By: 
(Owner / Agent signature*)

BEFORE ME THIS 14th DAY OF NOVEMBER, 2018

By: STEVEN M. CHERNIAK, Notary Public
State of New York, No. 24-4603886
Qualified in Nassau County
Cert. Filed in New York County
Commission Expires April 30, 2020

(Print name of person acknowledging)

(Joint owner signature if applicable)

Notary

(Signature of Notary Public – State of NEW YORK)

Personally known X or Produced Identification _____

Type of identification produced: _____ or Drivers License _____

***If joint ownership, both parties must sign. If partnership, corporation or association, an authorized officer must sign on behalf of the group. A notarized letter of authorization from the owner of record must accompany the application if an authorized agent signs for the owner(s).**

NO APPLICATION WILL BE AUTOMATICALLY SCHEDULED FOR A MEETING.

**ALL APPLICATIONS MUST BE DETERMINED COMPLETE BY STAFF
BEFORE PROCESSING OCCURS.**

AGENT AUTHORIZATION

The undersigned, as manager of the following listed ownership entities of the properties that comprise the Design Center of the Americas ("DCOTA"), hereby appoints Design Center of the Americas, LLC as the authorized agent for all ownership entities to sign all applications and otherwise process all applications for developmental approvals with the City of Dania Beach, Florida, Broward County, the State of Florida, and the Federal Aviation Administration with regard to the DCOTA development and the forthcoming OCOTA office development:

<u>Folio Number</u>	<u>Owner</u>
5042 33 36 0014	1835 Griffin Road LLC
5042 33 36 0010	Cohen Dania Beach Hotel LLC
5042 33 36 0015	1835 Griffin Road LLC
5042 33 36 0011	1805 Griffin Road LLC
5042 33 36 0013	1805 Griffin Road LLC
5042 33 36 0012	1815 Building Company LLC
5042 33 38 0010	Design Center of the Americas LLC
5042 33 38 0020	DCOTA Development Company LP

Further, the undersigned authorizes the engineering and design firm of Keith & Schnars, and the law firm of Doumar, Allsworth, et al., to submit all required applications to the City of Dania Beach, Broward County, Florida, the State of Florida, the Federal Aviation Administration, and any other governmental entities or agencies with regard to further development of the DCOTA and OCOTA projects. This authorization is effective immediately and shall remain in effect until revoked in writing.

Dated this 3rd day of December, 2018.

(Continued on page 2)

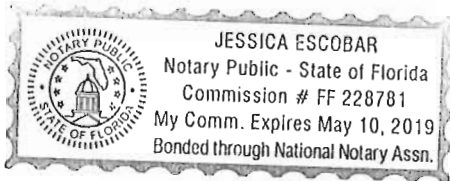
1835 Griffin Road LLC
Cohen Dania Beach Hotel LLC
1805 Griffin Road LLC
1815 Building Company LLC
Design Center of the Americas LLC
DCOTA Development Company LP
DCOTA Cohen LLC
DCOTA Cohen Holdings LLC

By: [Signature]
Print Name: Charles S. Cohen
As Manager

STATE OF Florida
COUNTY OF Broward

SS:

SWORN to and subscribed before me this 3rd day of
December, 2018 by Charles Cohen.



[Signature]
(Signature of Notary Public -
State of Florida)
Jessica Escobar
(Print, type or stamp
Commissioned Name of Notary
Public)

Personally Known ☒ OR Produced Identification _____
Type of Identification Produced _____

PAYMENT DATE

12/07/2018

COLLECTION STATION

City Hall Window 2

RECEIVED FROMDESIGN CENTER OF THE
AMERICAS LLC**DESCRIPTION**

750 LEXINGTON AVE NEWYORK, NY 10022

City of Dania Beach
100 W. Dania Beach Blvd.
Dania Beach, FL 33004**BATCH NO.**

2019-03000209

RECEIPT NO.

2019-00011033

CASHIER

fincashier2

PAYMENT CODE		RECEIPT DESCRIPTION		TRANSACTION AMOUNT
CR		Cost Recovery Misc NEW PROJECT		\$5,000.00
PSP		Appl Review - Standard NEW PROJECT		\$500.00
Payments:		Type	Detail	Amount
		Check	125436	\$5,000.00
		Check	125435	\$500.00
		Total Amount:		\$5,500.00

Customer Copy

Legal Description

Design Center of the Americas DRI

ALL OF PARCEL "A" DESIGN CENTER HOTEL/OFFICE COMPLEX, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 118, PAGE 11, OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA.

SAID LANDS LYING IN THE CITY OF DANIA BEACH, BROWARD COUNTY, FLORIDA, CONTAINING 12.86 ACRES, MORE OR LESS.

TOGETHER WITH:

ALL OF PARCEL "A" DESIGN CENTER OF THE AMERICAS, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 119, PAGE 32, OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA.

SAID LANDS LYING IN THE CITY OF DANIA BEACH, BROWARD COUNTY, FLORIDA, CONTAINING 30.9177 ACRES, MORE OR LESS.

Please note:

The acreages listed here for both parcels do NOT include the acreage from the plat that has been dedicated for Right-of-Way.

Total acreage: 43.77

Folio numbers and Property owners: (listed from north to south, west to east).

- 1 5042 33 36 0014 1835 Griffin Road LLC
- 2 5042 33 36 0010 Cohen Dania Beach Hotel LLC
- 3 5042 33 36 0015 1835 Griffin Road LLC
- 4 5042 33 36 0011 1805 Griffin Road LLC
- 5 5042 33 36 0013 1805 Griffin Road LLC
- 6 5042 33 36 0012 1815 Building Company LLC
- 7 5042 33 38 0010 Design Center of the Americas LLC
- 8 5042 33 38 0020 DCOTA Development Company LP

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Ordinance

Continued from:

Requested Action (Identify appropriate Action or Motion)

ADOPT ORDINANCE AUTHORIZING THE EXPENDITURE OF CITY FUNDS EXCEEDING ONE MILLION DOLLARS (\$1,000,000.00) FOR CAP GOVERNMENT, INC.

Purchasing Requests ONLY

Dept:

Acct #:

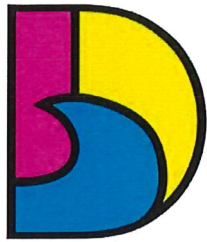
Amt:

Fund:

Fiscal Impact/Cost Summary

Exhibits Attached

signed CAP memo, O-2019- Authorize Expenditure of Funds for CAP Government, Inc. \$1M



DANIA BEACH
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CITY OF DANIA BEACH
COMMUNITY DEVELOPMENT DEPARTMENT

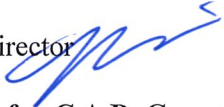
MEMORANDUM

DATE: August 27, 2019

TO: Honorable Mayor and Commissioners

FROM: Ana M. Garcia, City Manager, ICMA-CM

VIA: Candido Sosa-Cruz, Assistant City Manager

BY: Marc C. LaFerrier, AICP, Director 

RE: **Approval of Expenditures for C.A.P. Government Inc., for Building Code Services Exceeding \$1 Million for Building Code Services (1st Reading)**

The Request

Approval by ordinance the expenditures incurred from C.A.P. Government Inc. for building code services to exceed One Million Dollars.

Background

The building permitting plan review and inspection services provided by the Community Development Department have increased significantly in recent years. It is further anticipated that the value of construction during the upcoming FY2019 may approach \$400M. This significant increase in construction activity translates into additional cost for contracted building code services with our providers.

In order to comply with the City Charter as required by section 2 "certain expenditures" of Article 3 "Powers of the City" of the City Code of Ordinances requires that the City Commission approve by Ordinance any expenditure of City Funds that exceeds \$1,000,000 after two advertised public hearing. The expenditures incurred from C.A.P. Government Inc. for building code services are expected to exceed \$1M in the current and upcoming fiscal years after.

The bids for the supplemental building code services were received on August 16, 2019. The bid review committee is scheduled to meet on August 29, 2019.

Budgetary Impact

Funding for these expenditures are planned and appropriated each year in the City's annual budget and approved by the City Commission.

Recommendation

Approve first reading of ordinance.

ORDINANCE NO. 2019-013

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, AUTHORIZING THE EXPENDITURE OF CITY FUNDS EXCEEDING ONE MILLION DOLLARS (\$1,000,000.00) FOR CAP GOVERNMENT, INC.; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, pursuant to Section 2, “Certain Expenditures” of Article 3, “Powers of the City”, of the City Code of Ordinances, the City Commission must, by ordinance, approve any expenditure of City funds that exceeds One Million Dollars (\$1,000,000.00) after two (2) advertised public hearings of the ordinance; and

WHEREAS, City staff anticipates that funding for Building Code Services provided by C.A.P. Government, Inc. will exceed the monetary threshold; and

WHEREAS, expenditures for Building Code Services will always be expected to exceed One Million Dollars (\$1,000,000.00) per fiscal year; therefore, this Ordinance authorizes such expenditures which are made in future budgets for future fiscal years for Building Code Services;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That the proper City officials are authorized to expend more than One Million Dollars (\$1,000,000.00) relating to Building Code Services provided by C.A.P. Government, Inc.

Section 2. That the expenditures for Building Code Services are expected to always exceed the One Million Dollar (\$1,000,000.00) threshold in future fiscal year budgets, and, therefore, this Ordinance authorizes such expenditures which are made in future budgets for future fiscal years.

Section 3. That if any section, clause, sentence or phrase of this Ordinance is for any reason held invalid or unconstitutional by a court of competent jurisdiction, the holding shall not affect the validity of the remaining portions of this Ordinance.

Section 4. That all ordinances or parts of ordinances in conflict with the provisions of this Ordinance are repealed.

Section 5. That this Ordinance shall take effect immediately at the time of its passage and adoption.

PASSED on first reading on August 27, 2019.

PASSED AND ADOPTED on second reading on _____, 2019.

ATTEST:

THOMAS SCHNEDIER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Resolution

Continued from:

Requested Action (Identify appropriate Action or Motion)

ADOPT RESOLUTION APPROVING THE WAIVER OF REPLAT REQUEST (OT-86-19) SUBMITTED BY LARRY L. ADAIR, ON BEHALF OF THE PROPERTY OWNER, 800 MARINE TECHNICAL CENTER, INC. FOR PROPERTY GENERALLY LOCATED AT NW 3RD PLACE BETWEEN NW 8TH AVENUE AND NW 9TH AVENUE IN THE CITY OF DANIA BEACH, FLORIDA AS LEGALLY DESCRIBED IN EXHIBIT "A," A COPY OF WHICH IS ATTACHED TO THIS RESOLUTION

Purchasing Requests ONLY

Dept:

Acct #:

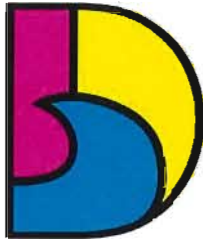
Amt:

Fund:

Fiscal Impact/Cost Summary

Exhibits Attached

EM Waiver Opt, SR Waiver OPT, R-2019- 800 Marine Technical Center Waiver of Replat (OT-86-19), Waiver Location Map OPT, OT-86-19 Waiver of replat OPT



DANIA BEACH
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**CITY OF DANIA BEACH
COMMUNITY DEVELOPMENT DEPARTMENT
MEMORANDUM**

DATE: August 27, 2019

TO: Honorable Mayor and Commissioners

FROM: Ana M. Garcia, City Manager, ICMA-CM

VIA: Candido Sosa-Cruz, Assistant City Manager

BY: Marc LaFerrier, AICP, Director
Corinne Lajoie, AICP, Planning and Zoning Manager

SUBJECT: **OT-86-19:** The applicant, Larry L. Adair, on behalf of the property owner 800 Marine Technical Center, Inc., is requesting a waiver of replatting for property located at 800 Old Griffin Road.

Request

WAIVER OF REPLAT

To waive the replatting requirement for vacation right-of-way; code requires easement and streets to be vacated by plat, per Section 655-30(D).

Background

The applicant is proposing to vacate approximately 300 linear feet of Right-of-Way on NW 3 Place located between NW 8 Avenue and NW 9 Avenue. This request is in connection with a site plan application for the site, which are currently going through Development Review Committee site plan review.

The City's Land Development Code (LDC) states that "no platted street, alley or other property dedicated to the public use shall be vacated or abandoned except by a new plat submitted to and approved by the City Commission, showing the condition of the area after such vacation and abandonment; however, if it is determined by the city commission that the submission and approval of such new plat would cause an undue hardship to the property owner requesting such a vacation or abandonment, the submission and approval of such new plat may be waived by the City Commission."

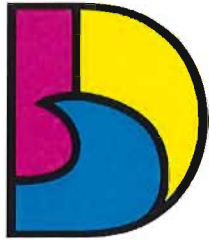
This application will be followed by a vacation application which will require Planning and Zoning Board recommendation and two (2) readings at public hearing by the City Commission.

Budgetary Impact

None

Recommendation

Approve the resolution to waive of replatting requirement.



DANIA BEACH
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CITY OF DANIA BEACH COMMUNITY DEVELOPMENT DEPARTMENT STAFF REPORT

DATE: August 27, 2019

TO: Ana M. Garcia, City Manager, ICMA-CM

VIA: Candido Sosa-Cruz, Assistant City Manager

FROM: Marc LaFerrier, AICP, Director
Corinne Lajoie, AICP, Planning and Zoning Manager *Corinne Lajoie*

SUBJECT: **OT-86-19:** The applicant, Larry L. Adair, on behalf of the property owner 800 Marine Technical Center, Inc., is requesting a waiver of replatting for property located at 800 Old Griffin Road.

Request

WAIVER OF REPLAT

To waive the replatting requirement for vacation right-of-way; code requires easement and streets to be vacated by plat, per Section 655-30(D).

PROPERTY INFORMATION

EXISTING ZONING:	Marine (MA)
LAND USE DESIGNATION:	Regional Activity Center (RAC)

VIOLATIONS ON PROPERTY

There are no open violations on this property.

Background

The applicant is proposing to vacate approximately 300 linear feet of Right-of-Way on NW 3 Place located between NW 8 Avenue and NW 9 Avenue. This request is in connection with a site plan application for the site, which is going through Development Review Committee site plan review.

The City's Land Development Code (LDC) states that "no platted street, alley or other property dedicated to the public use shall be vacated or abandoned except by a new plat submitted to and approved by the City Commission, showing the condition of the area after such vacation and abandonment; however, if it is determined by the city commission that the submission and approval of such new plat would cause an undue hardship to the property owner requesting such a vacation or abandonment, the submission and approval of such new plat may be waived by the City Commission."

This application will be followed by a vacation application which will require Planning and Zoning Board recommendation and two (2) readings at public hearing by the City Commission.

Recommendation

Approve the resolution to waive of replatting requirement.

RESOLUTION NO. 2019-095

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA APPROVING THE WAIVER OF REPLAT REQUEST (OT-86-19) SUBMITTED BY LARRY L. ADAIR, ON BEHALF OF THE PROPERTY OWNER, 800 MARINE TECHNICAL CENTER, INC. FOR PROPERTY GENERALLY LOCATED AT NW 3RD PLACE BETWEEN NW 8TH AVENUE AND NW 9TH AVENUE IN THE CITY OF DANIA BEACH, FLORIDA AS LEGALLY DESCRIBED IN EXHIBIT "A," A COPY OF WHICH IS ATTACHED TO THIS RESOLUTION; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Chapter 28, Land Development Code (the "LDC"), Part 6 "Development Review Procedures And Requirements," Article 655, "Vacations of Right-of-Way," states that no platted street alley or other property dedicated to the public use shall be vacated or abandoned except by a new plat submitted to and approved by the City Commission, unless the City Commission waives the requirement of a new plat; and

WHEREAS, Larry L. Adair, on behalf of the property owner, 800 Marine Technical Center (the "Applicant"), has requested Waiver of Replat (OT-86-19) approval in order to submit an application to Vacate Utility Easement located on a portion of NW 3rd Place located between NW 8th Avenue and NW 9th Avenue, as legally described in Exhibit "A;" and

WHEREAS, the City Commission finds that Replatting would cause undue hardship to the property owner, pursuant to Section 655-30(d) of the LDC; and

WHEREAS, the City Commission conducted a duly noticed public hearing in accordance with Article 610 of the City's LDC; and

WHEREAS, the City Commission finds that approval of the requested Waiver of Replat (OT-86-19) is consistent with the LDC and Comprehensive Plan.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That the foregoing "**WHEREAS**" clauses are ratified and confirmed as being true and correct and they are made a specific part of this Resolution.

Section 2. That the Waiver of Replat (OT-86-19), a copy of which is attached as composite Exhibit "B," is made a part of and incorporated into this Resolution by this reference, is approved.

Section 3. That this Resolution only allows the Applicant to submit and process an application to Vacate the Utility Easement without the need to Replat the subject property, but does not grant the vacation itself nor constitute the approval of such Vacation.

Section 4. That the issuance of a development permit by a municipality does not in any way create any right on the part of an applicant to obtain a permit from a state or federal agency, and does not create any liability on the part of the municipality for issuance of the permit if the Applicant fails to obtain requisite approvals or does not fulfill the obligations imposed by a state or federal agency, or undertake actions that result in a violation of state or federal law.

Section 5. That all resolutions or parts of resolutions in conflict with this Resolution are repealed to the extent of such conflict.

Section 6. That this Resolution shall be in force and take effect immediately upon its passage and adoption.

PASSED AND ADOPTED on August 27, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

EXHIBIT A

LEGAL DESCRIPTION

That portion of NW 3rd Place in the City of Dania Beach, Broward County, Florida lying between Northwest 8th & 9th Avenues.

EXHIBIT B
WAIVER OF REPLAT



LOCATION MAP

OT-86-19

WAIVER OF REPLATTING

800 MARINE TECHNICAL
CENTER INC



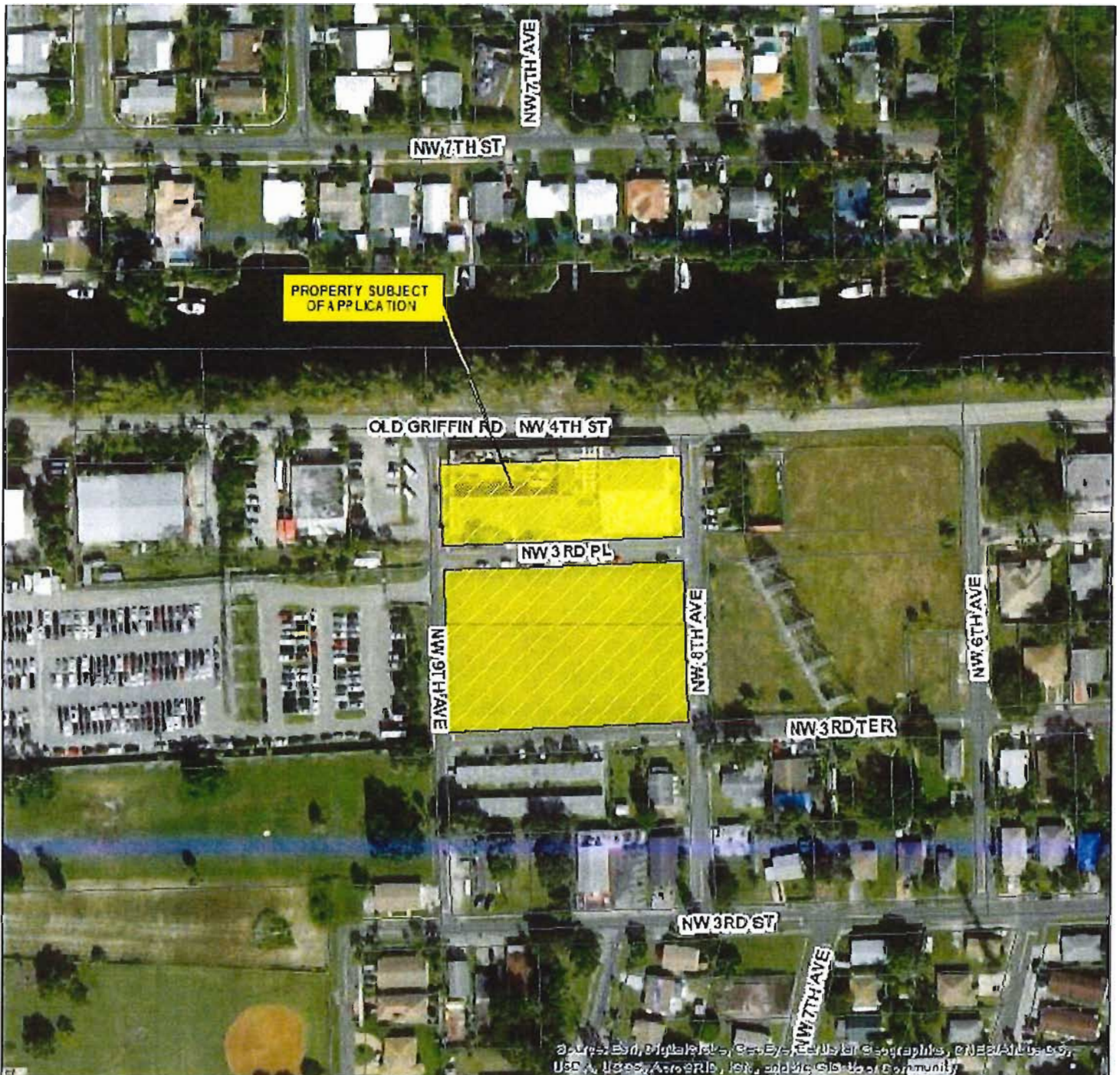
DANIA BEACH
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Legend

□ SUBJECT PROPERTY

800 OLD GRIFFIN ROAD

0 35 70 140 210 280 Feet



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, AeroGRID, IGN, and the GIS User Community



City of Dania Beach, Florida
Department of Community Development
Planning and Zoning Division
(954) 924-6805 X3643
(954) 922-2687 Fax

Standard Development Application

- ☐ Administrative Variance
- ☐ Land Use Amendment
- ☐ Plat
- ☐ Rezoning
- ☐ Site Plan
- ☐ Special Exception
- ☐ Variance
- ☐ Other: Vacation – Road & To Waive Requirement To Re-Plat

Date Rec'd: _____

Petition No.: ~~XXXXXXXXXX~~

OT-86-19
VC-87-19

THIS APPLICATION WILL NOT BE ACCEPTED UNTIL IT IS COMPLETE AND SUBMITTED WITH ALL NECESSARY DOCUMENTS. Refer to the application type at the top of this form and "Required Documentation" checklist to determine the supplemental documents required with each application.

For after the fact applications, the responsible contractor of record shall be present at the board hearing. Their failure to attend may impact upon the disposition of your application. As always, the applicant or their authorized legal agent must be present at all meetings. All projects must also obtain a building permit from the City Building Division. For more information please reference the **Dania Beach Land Development Code Part 6, Development Review Procedures and Requirements.**

Location Address: All that portion of the 30' Right-Of-Way of N.W. 3rd Place lying between and immediately adjacent to the North Line of Block 2, and the South Line of Block 3, DANIA MANOR, according to the Plat thereof recorded in Plat Book 10, Page 53 Public Records of Broward County, Florida, being bounded on the East by a Line 10 Feet West of the Southerly extension of the East Line of said Block 3, and on the West by a Line 17.5 Feet East of the Southerly extension of the West Line of said Block 3.

Lot(s): n/a **Block:** n/a **Subdivision:** n/a

Recorded Plat Name: CORRECTED PLAT OF DANIA MANOR PB 10, PG 53, BROWARD

Folio Number(s): n/a **Legal Description:** See Exhibit 'A' Sketch And Description Attached

Legal Representative: Larry L. Adair, P. A. Larry L. Adair, Attorney At Law

Address of Applicant: 9715 West Broward Boulevard, Suite 303, Plantation, Florida 33324

Business Telephone: (954) 600-3266 **Home:** (954) 424-7411 **Fax:** (786) 257-5675

E-mail address: larry@lladairlaw.com

Name of Property Owner: 800 Marine Technical Center, Inc., a Florida corporation

Address of Property Owner: 800 Old Griffin Road, Dania, Florida 33304

Business Telephone: (954) 849-5635 **Home:** (954) 565-0372 **Fax:** n/a

Explanation of Request: To Vacate a portion of a dedicated street, more particularly that portion of N.W. 3rd Place lying between Northwest 8th and 9th Avenues, City of Dania Beach, Broward County, Florida.

Explanation Of Request continued: Further, to waive the requirements of City Of Dania Beach Code Of Ordinance Chapter 28, Land Development Code Article 655, Section 655-30 (D), more specifically to waive the requirement that a new plat be submitted in furtherance of the within Application to Vacate that portion of N. W. 3d Place lying between Northwest 8th and 9th Avenues, City of Dania Beach, Broward County, Florida, in as the submission and approval of such new plat would cause an undue hardship to the Property Owner who is the owner of all property contiguous to that portion of the public street sought to be vacated and is otherwise unnecessary as the configuration of the existing plat would remain unchanged.

For **Plats** please provide proposed **Plat Name** for **Variances** please attach **Criteria Statement** as per **Section 625.40 of the Land Development Code.**

Prop. Net Acreage: .20661 **Gross Acreage:** .20661 **Prop. Square Footage:** 9,000 Sq. Ft.

Existing Use: Public Right-Of-Way **Proposed Use:** Private Drive

Is property owned individually, by a corporation, association, or a joint venture?

The subject property is a public street originally dedicated to their perpetual use by virtue of the Corrected Plat of Dania Manor dated January 5, 1926, and recorded in Plat Book 10, Page 53, Public Records of Broward County, Florida.

AUTHORIZED REPRESENTATIVE

We are fully aware of the request being made to the City of Dania Beach. If we are unable to be present, we hereby authorize Larry L. Adair, Attorney At Law to represent us in all matters related to this application. We hereby acknowledge that the applicable fee was established to offset administrative costs and is not refundable.

We are fully aware that all approvals automatically expire within 12 months of City of Dania Beach Planning and Zoning Board or City Commission approval, or pursuant to the expiration timeframe listed in Part 6 of the Dania Beach Land Development Code.

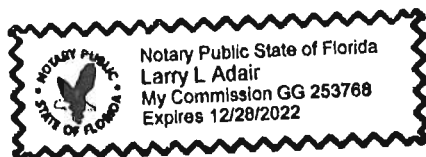
**STATE OF FLORIDA
COUNTY OF BROWARD**

**800 MARINE TECHNICAL CENTER, INC.
a Florida corporation**

By: _____

John P. Downs, President.

**THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 4th DAY OF
NOVEMBER, 2018**



Notary Public: _____

Printed Name: Larry L. Adair

Personally known X **or Produced Identification** _____

Type of identification produced: _____ **or Driver's License** _____

***If joint ownership, both parties must sign. If partnership, corporation or association, an authorized officer must sign on behalf of the group. A notarized letter of authorization from the owner of record must accompany the application if an authorized agent signs for the owner(s).**

NO APPLICATION WILL BE AUTOMATICALLY SCHEDULED FOR A MEETING.

***ALL APPLICATIONS MUST BE DETERMINED COMPLETE BY STAFF
BEFORE PROCESSING OCCURS.***

12/07/2018

COLLECTION STATION

City Hall Window 1

RECEIVED FROM

0 MARINE TECHNICAL
CENTER

DESCRIPTION

800 OLD GRIFFIN ROAD UNIT 4 DANIA BEACH

City of Dania Beach
100 W. Dania Beach Blvd.
Dania Beach, FL 33004

BATCH NO.
2019-03000210

RECEIPT NO.
2019-00011049

CASHIER
fincashier1

PAYMENT CODE	RECEIPT DESCRIPTION	TRANSACTION AMOUNT
PSP	Appl Review - Standard PAYMENT TO VACATE PUBLIC ROAD	\$3,500.00
PSP	Appl Review - Standard PAYMENT FOR WAIVER REPLAT	\$500.00
Payments:	Type	Amount
	Check	\$500.00
	Check	\$3,500.00
Total Amount:		\$4,000.00

Customer Copy

Re: Standard Development Application

Applicant: 800 Marine Technical Center, Inc.

Date: December 6, 2018

Matter: Filing Fees

Filing Fee: In the amount of \$3,500.00 Accompanying Standard Development Application
To Vacate Public Road:

Filing Fee: In the amount of \$500.00 Accompany Standard Development Application
Request To Waive Requirement To Re-Plat:

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Ordinance

Continued from:

Requested Action (Identify appropriate Action or Motion)

ADOPT ORDINANCE APPROVING THE RIGHT-OF-WAY VACATION REQUEST (VC-87-19) SUBMITTED BY LARRY L. ADAIR, P.A. ON BEHALF OF THE PROPERTY OWNER, 800 MARINE TECHNICAL CENTER, INC. FOR PROPERTY GENERALLY LOCATED BETWEEN BLOCK 3 AND BLOCK 2 TO THE IMMEDIATE NORTH AND SOUTH AND BETWEEN THE INTERSECTION OF NORTHWEST 9TH AND 8TH AVENUES TO THE IMMEDIATE WEST AND EAST OF THE PLAT OF DANIA MANOR, RECORDED IN PLAT BOOK 10, PAGE 53, PUBLIC RECORDS OF BROWARD COUNTY, GENERALLY DESCRIBED AS NORTHWEST 3RD PLACE, WITHIN THE CITY OF DANIA BEACH, FLORIDA, AS LEGALLY DESCRIBED IN EXHIBIT A, A COPY OF WHICH IS ATTACHED TO THIS RESOLUTION **(FIRST READING)**

Purchasing Requests ONLY

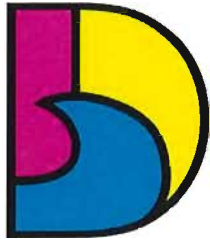
Dept:	Acct #:	Amt:
Fund:		

Fiscal Impact/Cost Summary

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Exhibits Attached

CM 800 Marine Vacation 1st reading OPT, SR 800 Marine Vacation 1st reading OPT, O-2019- 800 Marine Technical Center Vacation of ROW (VC-87-19), Vacation Location Map OPT, Vacation Application and Backup OPT



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

**CITY OF DANIA BEACH
COMMUNITY DEVELOPMENT DEPARTMENT
MEMORANDUM**

DATE: August 27, 2019

TO: Honorable Mayor and Commissioners

FROM: Ana M. Garcia, City Manager, ICMA-CM

VIA: Candido Sosa-Cruz, Assistant City Manager

BY: Marc C. LaFerrier, AICP, Director
Fernando Rodriguez, Public Services Director
Corinne Lajoie, AICP, Planning and Zoning Manager

RE: **VC-87-19:** The applicant, Larry L. Adair, on behalf of the property owner 800 Marine Technical Center, Inc., is requesting a vacation of right-of-way for property a portion of NW 3 Place located between NW 8 Avenue and NW 9 Avenue (FIRST READING).

The Request

To vacate approximately 300 linear feet of Right-of-Way (ROW) on NW 3 Place located between NW 8 Avenue and NW 9 Avenue.

Background

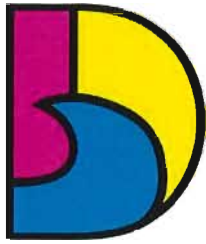
The applicant is making this request in advance of Site Plan approval for redevelopment of the site. The Site Plan application will be brought to the City Commission at a later date for approval.

Budgetary Impact

Granting the vacation request will allow the applicant to fully utilize the property to the north and south, allowing for build-out of the site. The build-out will include enclosing a portion of the existing building and providing surface vehicle storage on the south parcel. A minor tax increase is anticipated by the proposed improvements.

Recommendation

Approve the resolution to vacate NW 3 Place, between NW 8 Avenue and NW 9 Avenue with the condition that an easement is recorded in Broward County public records providing the City access for maintenance of the water line prior to the issuance of any building permit.



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

**CITY OF DANIA BEACH
COMMUNITY DEVELOPMENT DEPARTMENT
STAFF REPORT**

DATE: August 27, 2019

TO: Ana M. Garica, City Manager, ICMA-CM

VIA: Candido Sosa-Cruz, Assistant City Manager

FROM: Marc C. LaFerrier, AICP, Director
Fernando Rodriguez, Public Services Director
Corinne Lajoie, AICP, Planning and Zoning Manager *Corinne Lajoie*

RE: **VC-87-19:** The applicant, Larry L. Adair, on behalf of the property owner 800 Marine Technical Center, Inc., is requesting a vacation of right-of-way for property a portion of NW 3 Place located between NW 8 Avenue and NW 9 Avenue (FIRST READING).

The Request

To vacate approximately 300 linear feet of Right-of-Way (ROW) on NW 3 Place located between NW 8 Avenue and NW 9 Avenue.

Property Information

EXISTING ZONING: Marine (MA)
LAND USE DESIGNATION: Regional Activity Center (RAC)

Code Violations

There are no Code Compliance violations on record for the subject property.

The applicant is proposing to vacate approximately 300 linear feet of Right-of-Way (ROW) on NW 3 Place located between NW 8 Avenue and NW 9 Avenue. The applicant owns the property to the north and south of the ROW, therefore, if approve would receive the entire width of the ROW. The applicant is making this request in advance of Site Plan approval for redevelopment of the site.

The Site Plan application will be brought to the City Commission at a later date for approval.

VACATION OF RIGHT-OF-WAY

The vacation process for ROW is identified in the City's Land Development Code (LDC) in Section 655-20. This code provision requires the applicant to provide evidence of notification to all utilities (public and private) that may have an interest in the area to be vacated. Below is a list of all public utilities and the date each was notified of the vacation request by the applicant.

- Comcast – 11-7-18.

- Teco Peoples Gas – 11-7-18.
- Florida Power & Light – 11-12-18.
- AT&T – 11-12-18.
- City of Dania Beach Public Works Department – 11-7-18.
- Broward Sheriff's Office, Police – 1-21-15.

VACATION CRITERIA

Section 655 of the Land Development Code states, the city commission shall hold its public hearing and, after consideration of the application, staff findings, and information presentation at the public hearing. The City Commission may deny, approve or approve with conditions the application for vacation, based upon its determination that the request meets the criteria identified in Section 655-40, which are identified below.

1. "Whether the vacation will adversely affect access to neighboring properties."
2. "Whether the subject right-of-way or easement is needed for any public purpose."

The applicant has provided written justification indicating the request is consistent with the criteria.

This vacation request will require two (2) public hearings at the City Commission.

DEVELOPMENT REVIEW COMMITTEE (DRC)

The Vacation application was reviewed by the DRC, in conjunction with the Site Plan application on November 30, 2017, December 27, 2018, February 28, 2019, and June 27, 2019.

Through this project, the City's Consultant Engineer has requested an easement to be giving to the City to allow access to maintain the existing city water main that runs along the south edge of this ROW.

PLANNING AND ZONING BOARD ACTION

The Planning and Zoning Board recommendation will be provided at the meeting.

Recommendation

Approve the resolution to vacate NW 3 Place, between NW 8 Avenue and NW 9 Avenue with the condition that an easement is recorded in Broward County public records providing the City access for maintenance of the water line prior to the issuance of any building permit.

ORDINANCE NO. 2019-014

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA APPROVING THE RIGHT-OF-WAY VACATION REQUEST (VC-87-19) SUBMITTED BY LARRY L. ADAIR, P.A. ON BEHALF OF THE PROPERTY OWNER, 800 MARINE TECHNICAL CENTER, INC. FOR PROPERTY GENERALLY LOCATED BETWEEN BLOCK 3 AND BLOCK 2 TO THE IMMEDIATE NORTH AND SOUTH AND BETWEEN THE INTERSECTION OF NORTHWEST 9TH AND 8TH AVENUES TO THE IMMEDIATE WEST AND EAST OF THE PLAT OF DANIA MANOR, RECORDED IN PLAT BOOK 10, PAGE 53, PUBLIC RECORDS OF BROWARD COUNTY, GENERALLY DESCRIBED AS NORTHWEST 3RD PLACE, WITHIN THE CITY OF DANIA BEACH, FLORIDA, AS LEGALLY DESCRIBED IN EXHIBIT A, A COPY OF WHICH IS ATTACHED TO THIS RESOLUTION; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, pursuant to Chapter 28, entitled Land Development Code (the “LDC”), Part 6, entitled “Development Review Procedures And Requirements,” Article 655, entitled “Vacations Of Right-Of-Way” of the City Code of Ordinances (the “City Code”), Larry L. Adair, P.A., on behalf of the property owner, 800 Marine Technical Center, Inc. (the “Applicant”), has applied to the City of Dania Beach (the “City”) for approval to Vacate the Right-of-Way (“ROW”) (VC-87-19) attached as Exhibit “B,” for property legally described in Exhibit A.

WHEREAS, the City Planning and Zoning Board, sitting as the Local Planning Agency, held a duly advertised public hearing on August 21, 2019 and recommended approval of the proposed ROW Vacation; and

WHEREAS, staff recommended approval of the proposed ROW Vacation in its report dated August 27, 2019; and

WHEREAS, the City Commission conducted two (2) duly noticed public hearings in accordance with Article 610 of the LDC; and

WHEREAS, the City Commission finds that granting the requested ROW Vacation will not adversely affect access to neighboring properties and will not be detrimental to the public health, safety and welfare; and

WHEREAS, the City Commission finds that the ROW is no longer needed as a road, and that it is in the best interest of the City to grant the request to vacate the ROW.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. The foregoing WHEREAS clauses are ratified and confirmed as being true and correct, and they are made a specific part of this Ordinance.

Section 2. Pursuant to Chapter 28, entitled "Land Development Code," Part 6, entitled "Development Review Procedures and Requirements," Article 655, "Vacations of Right-Of-Way," of the City Code, the requested ROW Vacation (VC-87-19), as shown on the attached Exhibit "B," is approved with the following condition:

1. Provide copy of recorded easement providing the City access for maintenance of the water line prior to the issuance of any building permit.

Section 3. If any clause, section, sentence or phrase of this Ordinance is for any reason held unconstitutional or invalid by a competent jurisdiction, the holding shall not affect the validity of the remaining portions of this Ordinance.

Section 4. All ordinances or parts of ordinances, resolutions or parts of resolutions in conflict with this Ordinance are repealed to the extent of such conflict.

Section 5. This Ordinance shall be in force and take effective immediately upon its passage and adoption.

PASSED on first reading on August 27, 2019.

PASSED AND ADOPTED on second reading on _____, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

EXHIBIT A

LEGAL DESCRIPTION

All that portion of the 30' Right-Of-Way of Northwest 3rd Place lying between and immediately adjacent to the North Line of Block 2, and the South Line of Block 3, DANIA MANOR, according to the Plat thereof recorded in Plat Book 10, Page 53, Public Records of Broward County, Florida, being bounded on the East by a Line 10 Feet West of the Southerly extension of the East Line of said Block 3, and on the West by a Line 17.5 Feet East of the Southerly extension of the West Line of said Block 3.

EXHIBIT B

VACATED ROW



LOCATION MAP

VC-87-19

VACATION OF ROAD

800 MARINE TECHNICAL
CENTER

800 OLD GRIFFIN ROAD



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

Legend

□ SUBJECT PROPERTY

0 35 70 140 210 280 Feet



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



City of Dania Beach, Florida
Department of Community Development
Planning and Zoning Division
(954) 924-6805 X3643
(954) 922-2687 Fax

Standard Development Application

- ☐ **Administrative Variance**
- ☐ **Land Use Amendment**
- ☐ **Plat**
- ☐ **Rezoning**
- ☐ **Site Plan**
- ☐ **Special Exception**
- ☐ **Variance**
- ☐ **Other: Vacation – Road & To Waive Requirement To Re-Plat**

Date Rec'd: _____

Petition No.: ~~XXXXXXXXXX~~

OT-86-19
VC-87-19

THIS APPLICATION WILL NOT BE ACCEPTED UNTIL IT IS COMPLETE AND SUBMITTED WITH ALL NECESSARY DOCUMENTS. Refer to the application type at the top of this form and "Required Documentation" checklist to determine the supplemental documents required with each application.

For after the fact applications, the responsible contractor of record shall be present at the board hearing. Their failure to attend may impact upon the disposition of your application. As always, the applicant or their authorized legal agent must be present at all meetings. All projects must also obtain a building permit from the City Building Division. For more information please reference the **Dania Beach Land Development Code Part 6, Development Review Procedures and Requirements.**

Location Address: All that portion of the 30' Right-Of-Way of N.W. 3rd Place lying between and immediately adjacent to the North Line of Block 2, and the South Line of Block 3, DANIA MANOR, according to the Plat thereof recorded in Plat Book 10, Page 53 Public Records of Broward County, Florida, being bounded on the East by a Line 10 Feet West of the Southerly extension of the East Line of said Block 3, and on the West by a Line 17.5 Feet East of the Southerly extension of the West Line of said Block 3.

Lot(s): n/a **Block:** n/a **Subdivision:** n/a

Recorded Plat Name: CORRECTED PLAT OF DANIA MANOR PB 10, PG 53, BROWARD

Folio Number(s): n/a **Legal Description:** See Exhibit 'A' Sketch And Description Attached

Legal Representative: Larry L. Adair, P. A. Larry L. Adair, Attorney At Law

Address of Applicant: 9715 West Broward Boulevard, Suite 303, Plantation, Florida 33324

Business Telephone: (954) 600-3266 **Home:** (954) 424-7411 **Fax:** (786) 257-5675

E-mail address: larry@lladairlaw.com

Name of Property Owner: 800 Marine Technical Center, Inc., a Florida corporation

Address of Property Owner: 800 Old Griffin Road, Dania, Florida 33304

Business Telephone: (954) 849-5635 **Home:** (954) 565-0372 **Fax:** n/a

Explanation of Request: To Vacate a portion of a dedicated street, more particularly that portion of N.W. 3rd Place lying between Northwest 8th and 9th Avenues, City of Dania Beach, Broward County, Florida.

Explanation Of Request continued: Further, to waive the requirements of City Of Dania Beach Code Of Ordinances, Chapter 28, Land Development Code Article 655, Section 655-30 (D), more specifically to waive the requirement that a new plat be submitted in furtherance of the within Application to Vacate that portion of N. W. 3d Place lying between Northwest 8th and 9th Avenues, City of Dania Beach, Broward County, Florida, in as the submission and approval of such new plat would cause an undue hardship to the Property Owner who is the owner of all property contiguous to that portion of the public street sought to be vacated and is otherwise unnecessary as the configuration of the existing plat would remain unchanged.

For **Plats** please provide proposed **Plat Name** for **Variances** please attach **Criteria Statement** as per **Section 625.40 of the Land Development Code.**

Prop. Net Acreage: .20661 **Gross Acreage:** .20661 **Prop. Square Footage:** 9,000 Sq. Ft.

Existing Use: Public Right-Of-Way **Proposed Use:** Private Drive

Is property owned individually, by a corporation, association, or a joint venture?

The subject property is a public street originally dedicated to their perpetual use by virtue of the Corrected Plat of Dania Manor dated January 5, 1926, and recorded in Plat Book 10, Page 53, Public Records of Broward County, Florida.

AUTHORIZED REPRESENTATIVE

We are fully aware of the request being made to the City of Dania Beach. If we are unable to be present, we hereby authorize Larry L. Adair, Attorney At Law to represent us in all matters related to this application. We hereby acknowledge that the applicable fee was established to offset administrative costs and is not refundable.

We are fully aware that all approvals automatically expire within 12 months of City of Dania Beach Planning and Zoning Board or City Commission approval, or pursuant to the expiration timeframe listed in Part 6 of the Dania Beach Land Development Code.

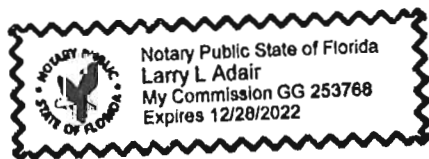
**STATE OF FLORIDA
COUNTY OF BROWARD**

**800 MARINE TECHNICAL CENTER, INC.
a Florida corporation**

By: _____

John P. Downs
John P. Downs, President.

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 4th DAY OF NOVEMBER, 2018



Notary Public: _____

Printed Name: Larry L. Adair

Personally known X or Produced Identification _____

Type of identification produced: _____ or Driver's License _____

***If joint ownership, both parties must sign. If partnership, corporation or association, an authorized officer must sign on behalf of the group. A notarized letter of authorization from the owner of record must accompany the application if an authorized agent signs for the owner(s).**

NO APPLICATION WILL BE AUTOMATICALLY SCHEDULED FOR A MEETING.

***ALL APPLICATIONS MUST BE DETERMINED COMPLETE BY STAFF
BEFORE PROCESSING OCCURS.***

12/07/2018

City Hall Window 1

0 MARINE TECHNICAL
CENTER

800 OLD GRIFFIN ROAD UNIT 4 DANIA BEACH

City of Dania Beach
100 W. Dania Beach Blvd.
Dania Beach, FL 33004

BATCH NO.
2019-03000210

RECEIPT NO.
2019-00011049

CASHIER
fincashier1

PAYMENT CODE	RECEIPT DESCRIPTION	TRANSACTION AMOUNT
PSP	Appl Review - Standard PAYMENT TO VACATE PUBLIC ROAD	\$3,500.00
PSP	Appl Review - Standard PAYMENT FOR WAIVER REPLAT	\$500.00
Payments:	Type	Amount
	Check 2627	\$500.00
	Check 2626	\$3,500.00
Total Amount:		\$4,000.00

Customer Copy

Re: Standard Development Application

Applicant: 800 Marine Technical Center, Inc.

Date: December 6, 2018

Matter: Filing Fees

Filing Fee: In the amount of \$3,500.00 Accompanying Standard Development Application
To Vacate Public Road:

Filing Fee: In the amount of \$500.00 Accompany Standard Development Application
Request To Waive Requirement To Re-Plat:

SOUTH EAST ARCHITECT SERVICES, INC.

4310 W. Broward Blvd. Suite No. 3 Plantation, FL 33317
(O) 954-797-2821 (Fax) 954-797-2847 (E-Mail) ldk@searchitects.com

800 Marina Technical Center Corporation
800 Old Griffin Road
Dania Beach, Florida
PZ: SP-112-17

JUSTIFICATION

The public right-of-way which Applicant seeks to vacate, that is – that portion of Northwest 3rd Place lying between Northwest 8th and 9th Avenues, being precisely three hundred (300') feet in length and thirty (30') feet in width, first became a dedicated public right-of-way upon filing of the Plat of DANIA MANOR on January 5, 1926, now recorded in Plat Book 10 at Page 53 of the Public Records of Broward County, Florida.

However, the afore-described portion of Northwest 3rd Place sought to be vacated remained raw and unimproved land from the beginning of time up until 1989 when applicant first acquired all of Block 3 of Plat Book 10, Page 53. Applicant has since likewise acquired all of Block 2 as well, representing all contiguous property abutting that portion of the subject public right-of-way presently requested be vacated.

As stated, Northwest 3rd Place remained raw and unimproved land until a Road Construction Permit was issued Applicant in 1989 who proceeded to construct solely at its own cost and expense the only improved portion of Northwest 3rd Place lying within the Plat of DANIA MANOR. Construction Drawings were submitted and approved, a usual and customary Permit Fee was paid the City and the work, again solely at Applicant's cost, was completed and approved. At no time has Applicant been requested to waive any claim for or dedicate these improvements.

In addition to have paid for construction of that portion of the proposed right-of-way requested to be vacated, at all times since completion of the road in 1989, applicant has solely serviced, maintained and exclusively used the road as a "service road" or "driveway" benefiting Applicant's property which again includes both Blocks 2 and 3 of DANIA MANOR.

During the twenty-nine (29) years applicant since construction in 1989, Applicant has expended substantial time and money clearing debris and rubbish dumped by those trespassing on applicant's property which, indeed, have been the subject of numerous Code Enforcement Citations over the years. It is believed but for the unlawful dumping by third-party trespassers, this portion of Northwest 3rd Place serves no other public purpose and both the City, applicant and surrounding property owners would be best served by vacating the road which we believe to likewise be supported by both the Police and will impose no impediment to continued access by the Fire Department. And, thus under these circumstances vacation of the subject right-of-way is, indeed, well justified.

LARRY KRAMER, PRESIDENT
SOUTH EAST ARCHITECT SERVICES, INC.

Date

**MEMORANDUM OF FACT AND LAW
FOR
800 MARINE TECHNICAL CENTER, INC.**

Records of the City of Dania Beach Building Department will reflect that the portion of Northwest 3rd Place which is sought to be vacated was, indeed, constructed by the Applicant, i.e. 800 Marine Technical Center, Inc., a Florida corporation, solely at its cost and expense, as the Applicant pursuant to then imposed Code requirements of the City of Dania Beach, was required to prepare and file an appropriate Site Plan in conjunction with Applicant's Application for a Building Permit which was, indeed, subsequently issued to Applicant who thereafter completed construction of the road, again - solely at its cost and expense, having paid all applicant, review and permit fees to the City contemporaneous with the design and construction of the road - which, by the way meets all standards of the time constructed to a Florida highway standard.

Prior to Applicant's undertaking as described above, the land upon which the road is now constructed was vacant unimproved property originally acquired by Applicant that same year, i.e. 1989, having never been heretofore developed.

Thereafter, and at all times since, Applicant, i.e. 800 Marine Technical Center, Inc., a Florida corporation, has solely and exclusively maintained the road, by constructing on its property, i.e. Block 3 of DANIA MANOR, an adequate water run-off system sufficient to support the roadway during even torrential rainstorms; and, further has consistently policed and keep clear of trash, debris and discarded items dumped upon the roadway and, as well - adjacent properties owned by both Applicant and Florida Power & Light, i.e. Block 2 of DANIA MANOR, until acquired by Applicant in 2005, by trespassers dumping all manner of discarded waste and debris, including, but certainly not limited to - abandoned automobile and truck tires; household goods, including appliances, such as washing machines, dryers and kitchen ranges; and, even abandoned automobile, or portions thereof - all of which were and have been removed and disposed of properly at the sole expense of the Applicant commencing in the year 1989 through the date hereof.

It should be noted, that the majority of these items dumped by trespassers on and about the roadway, are not appropriate for placing in the industrial waste disposal bins, but rather must be gathered up and specifically hauled away to only those garbage disposal dumps which such large items are permitted; thus, over the years an extraordinary and costly expense borne exclusive by Applicant - and never at the cost or expense of the City who since completion of the road in 1989 has performed no maintenance excepting installation of a stop sign at the intersection with Northwest 8th and 9th Avenues; otherwise, all maintenance was solely and exclusively performed upon the road by Applicant, a fact well reflected in the financial and pictorial records of the Applicant.

In order to address any conflicting claims between a private owner and a local government, Fla. Stat. 95.361 provides the manner in which to determine ownership of a road. This statute provides as follows:

95.361 Roads presumed to be dedicated.—

(1) When a road, constructed by a county, a municipality, or the Department of Transportation, has been maintained or repaired continuously and uninterruptedly for 4 years by the county, municipality, or the Department of Transportation, jointly or severally, the road shall be deemed to be dedicated to the public to the extent in width that has been actually maintained for the prescribed period, whether or not the road has been formally established as a public highway. The dedication shall vest all right, title, easement, and appurtenances in and to the road in:

- a) The county, if it is a county road;
- b) The municipality, if it is a municipal street or road; or
- c) The state, if it is a road in the State Highway System or State Park Road System, whether or not there is a record of a conveyance, dedication, or appropriation to the public use.

(2) In those instances where a road has been constructed by a non-governmental entity, or where the road was not constructed by the entity currently maintaining or repairing it, or where it cannot be determined who constructed the road, and when such road has been regularly maintained or repaired for the immediate past 7 years by a county, a municipality, or the Department of Transportation, whether jointly or severally, such road shall be deemed to be dedicated to the public to the extent of the width that actually has been maintained or repaired for the prescribed period, whether or not the road has been formally established as a public highway. This subsection shall not apply to an electric utility, as defined in s. 366.02(2). The dedication shall vest all rights, title, easement, and appurtenances in and to the road in:

- a) The county, if it is a county road;
- b) The municipality, if it is a municipal street or road; or
- c) The state, if it is a road in the State Highway System or State Park Road System, whether or not there is a record of conveyance,

dedication, or appropriation to the public use.

- (3) The filing of a map in the office of the clerk of the circuit court of the county where the road is located showing the lands and reciting on it that the road has vested in the state, a county, or a municipality in accordance with subsection (1) or subsection (2) or by any other means of acquisition, duly certified by:
 - a) The secretary of the Department of Transportation, or the secretary's designee, if the road is a road in the State Highway System or State Park Road System;
 - b) The chair and clerk of the board of county commissioners of the county, if the road is a county road; or
 - c) The mayor and clerk of the municipality, if the road is a municipal road or street, shall be prima facie evidence of ownership of the land by the state, county, or municipality, as the case may be.
- (4) Any person, firm, corporation, or entity having or claiming any interest in and to any of the property affected by subsection (2) shall have and is hereby allowed a period of 1 year after the effective date of this subsection, or a period of 7 years after the initial date of regular maintenance or repair of the road, whichever period is greater, to file a claim in equity or with a court of law against the particular governing authority assuming jurisdiction over such property to cause a cessation of the maintenance and occupation of the property. Such timely filed and adjudicated claim shall prevent the dedication of the road to the public pursuant to subsection (2).
- (5) This section does not apply to any facility of an electric utility which is located on property otherwise subject to this section.

Section (1) of Fla. Stat. 95.361 provides that if the local government constructed the road and maintained and repaired continuously and uninterruptedly for four (4) years, the road can be deemed to be dedicated to the public solely to the extent in width and length that the local government has actually maintained it for the prescribed period. Section (2) of Fla. Stat. 95.361 provides that if the road has been constructed by a third-party (here the roadway was constructed by the private owner, not the local government), and not by the local government and if the local government is currently maintaining or repairing it, and when such road has been regularly maintained and repaired for the immediate past 7 years by a local government, such road can be deemed to be dedicated to the public to

the extent of the width and length that actually has been maintained and repaired for the prescribed period.

Florida courts have strictly interpreted this statute to indicate that the statute should be strictly construed. The justification for a strict construction is based on the fact that the statute has the effect of depriving an owner of his property in a relatively short period of time compared to obtaining title by prescription and adverse possession. *See Balbier v. City of Deerfield Beach*, 408 So. 2d 764 (Fla. 4th DCA 1982). *See also St. Joe Paper Co. v. St. Johns County*, 383 So. 2d 915 (Fla. 1st DCA 1980); *Pasco v. City of Oldsmar*, 953 So. 2d 766 (Fla. 2d DCA 2007); Fla. Stat. 95.18. Thus, failure to meet all statutory elements of Fla. Stat. 95.361 will fail to support a dedication under the statute and renders the roadway as private property of the owner. Failure to meet all statutory elements of Fla. Stat. 95.361 fails to even trigger the applicability of this statute rendering the road private property to the owner. *Hancock v. Tipton*, 732 So. 2d 369, 372 (Fla. 2d DCA 1999); *Mathers v. Wakulla County*, 219 So.2d 140 (Fla. 1DCA 2017).

In reviewing Florida law, the facts show that Applicant, i.e. 800 Marine Technical Center, Inc., constructed the private road on his own, and that it has been and continues to be the owner since the road was constructed and maintained and repaired the road since its inception in 1989 to the present date.

The early case is *Balbier v. City of Deerfield Beach*, 408 So.2d 764 (Fla. 4DCA 1982), where the district court ruled that absence construction and maintenance of the road by the local government, there was no dedication of the right of way to the public. The next case involving whether Fla. Stat. 95.361 was followed and proof of ownership is *Chackal v. Staples*, 991 So.2d 949 (Fla. 4DCA 2008), where the district court ruled that for a local government to acquire title in a private road, the road had to have been constructed by the local government and maintained and repaired continuously and uninterruptedly for the pertinent number of years by the local government. In *Chackal*, the private owner initially constructed the road, but the local government was able to show that it conducted widespread improvements and repairs and maintenance to it even though the road was on private property. The local government in *Chackal* maintained and showed that it repaired the road by undertakings including an installation of a drainage system, installed support against the end wall of the road, paved the road, and installed a guardrail. Therefore, only the pertinent part that it maintained and repaired was public, but not the portion it failed to maintain and repair. The city in *Chackal* failed to prove it was the owner of the nearby grassy portion of the disputed strip, because the owners maintained the grassy portion of the disputed strip to the appropriate extent under the circumstances. Therefore, the district

court ruled that the continuously maintained and repaired pertinent portion of the road belonged to the local government, but that the grassy portion belonged to the private owners.

In *Pasco v. City of Oldsmar*, 953 So.2d 766 (Fla. 2d DCA 2007), the district court ruled that the city had to have continuously maintained and repaired the private roadway for the applicable number of years for Fla. Stat. 95.361 to be triggered. The district court emphasized that: "City had never repaired, patched, striped, or edged the road since it was constructed. Mr. Pasco [owner] recounted that the City had swept the street only once, in 1999, and had cleaned out the drain in 2003. [Owner] further asserted that the only sign on the road was a "Dead End" sign located approximately 200 feet from his property." *Id.*, at 769-770. The district court in *Pasco* ruled that the aforementioned facts were insufficient to trigger Fla. Stat. 95.361 suggesting that the roadway was private in as much as there was no strict compliance with all parts of this statute.

The next case is *Mathers v. Wakulla County*, 219 So.3d 140 (Fla. 1DCA 2017), where a dispute arose between two neighbors involving the use of a gravel road. *Mathers* discussed the two ways in which dedication can occur: one is common-law dedication, while the other is statutory presumed dedication pursuant to Fla. Stat. 95.361. There was no evidence in *Mathers* of a formal offer to dedicate the gravel road or acceptance by the local government that is required for common-law dedication to occur. The district court in *Mathers* found that if the local government provides maintenance and repair for the prescribed period of time, then dedication could occur, even if the road was not constructed by the local government as long as the road has been regularly maintained and repaired by the local government for at least 7 years immediately before the legal action brought to determine the status of the road. The district court in *Mathers* also ruled that private parties may invoke this statute to argue that maintenance and repair by a local government has or has not resulted in dedication as a public roadway. Finally, if the local government fails to strictly follow Fla. Stat. 95.361, then the private road belonged to the private party, not the local owner.

Based upon the undisputed facts in the instant matter, the city of Dania Beach was never vested with ownership in the private road that has always belonged to Applicant, i.e. 800 Marine Technical Center, Inc.. Based upon a reading of the statute, the burden falls upon the local government to prove that it has complied with Fla. Stat. 95.361, and that has not occurred here. At all times since the road was constructed by Applicant, i.e. 800 Marine Technical Center, Inc., in 1989, this road has always been maintained and repaired by 800 Marine.

The city has not complied with a showing that this private roadway was ever dedicated as a public roadway. Instead, Applicant, i.e. 800 Marine Technical Center, Inc., has been and continues to be the owner of the road as it was constructed by Applicant in 1989 after having obtained city permits, and thereafter they have always maintained and repaired the private road, which Applicant by virtue of having built and maintained, now owns. As set out above, and following a brief discussion of what Applicant, i.e. 800 Marine Technical Center, Inc., did clearly supports the private owner's position that the owner is, indeed, Applicant, 800 Marine Technical Center, Inc., and that the city has failed to comply with Fla. Stat. 95.361.

Further, Fla. Stat. 95.361 must be followed and since the city failed to do so, most respectively, the road belongs to the Applicant, i.e. 800 Marine Technical Center, Inc., in as it:

1. in 1989 applied for and obtained a permit from the city to build the road, which it did;
2. built the road at its sole expense in 1989 without any help from the city, except for obtaining city permits to do so;
3. obtained a site plan for this purpose and got the road approved by the city after the city's final inspection that approved the construction of the road by Applicant;
4. since 1989 have maintained and repaired the road at all times with no maintenance and repair by the city. To date, Applicant, i.e. 800 Marine Technical Center, Inc., has repaired and maintained the road at his sole expense and made sure that the road was in usable condition. There has never been anything done by the city to and for the road on a regular basis;
5. the road was constructed and continues to meet or exceed all standards for a road according to the current code;
6. when the road needed repair and maintenance, cleaning and removal of garbage trash and other debris, it was the Applicant, i.e. 800 Marine Technical Center, Inc., who made certain that the road was maintained and repaired, not the city. Through the years, when the road needed maintenance and cleaning, the city referred the matter to code enforcement, which sent out notices of violation to Applicant, the owner, and it was Applicant who complied and corrected with any violations. Any

abandoned trash, vehicles, appliances, debris, trash was cleared and disposed of - again, solely by Applicant, 800 Marine Technical Center, Inc.; and

7. Applicant, i.e. 800 Marine Technical Center, Inc., has solely maintained and repaired anything needed on the road, including but not limited to paving, striping, placement of gravel, and grass. Nothing was ever done by the city at any time much less on a continual and regular basis for 7 years. Accordingly, the city has failed to follow Fla. Stat. 95.361.

In summary, based upon the foregoing facts and law as applicable to that portion of Northwest 3rd Place herein sought to be vacated by the Applicant, i.e. 800 Marine Technical Center, Inc., having been constructed and maintained solely at its expense on and after from first obtaining final approval as a safe roadway for travel in 1989, this portion of the road has since become the private property of the Applicant, owner.

-----0-----

LARRY L. ADAIR, P. A.

ATTORNEY AT LAW

9715 WEST BROWARD BOULEVARD
SUITE NUMBER 303
PLANTATION, FLORIDA 33324

e-mail address: larry@lladairlaw.com

LARRY L. ADAIR
MEMBER FLORIDA AND TEXAS BAR

(954) 600-3266
FAX: (786) 257-5675

Via Federal Express

November 7, 2018

COMCAST CORPORATION
One Comcast Center
Philadelphia, Pennsylvania 19103

Attn: Legal - Department - Required Notice To Utilities Of Application to Vacate Public Road

Re: Matter : Notice Of Application To Vacate Public Road
Address : That portion of NW 3rd Place in the City of Dania, Broward
County, Florida lying between Northwest 8th & 9th Avenues

Gentlemen:

We are writing pursuant to the requirements of the City Of Dania Beach, Florida, a municipality located within Broward County, Florida. More specifically, to provide a required Notice Of Application to Vacate a Public Road pursuant to the requirements of **City Of Dania Beach Code Section 655-20 - Supplement Application Requirements**, which provides, in part, as follows:

Sec. 655-20. - Supplemental application requirements.

- (A) **Evidence of notification to all utilities (public and private) that may have an interest in the area to be vacated.**

Accordingly, our client, **800 Marine Technical Center, Inc., a Florida corporation**, is Owner of certain commercial properties divided by a three (300') foot portion of a public road, i.e. N. W. 3rd Place, having been dedicated as such by that certain **Corrected Plat of DANIA MANOR**, dated January 4, 1926, recorded among the Public Records of Broward County, Florida in Plat Book 10, Page 53.

The portion of the public road sought to be vacated, that is - Northwest 3rd Place, is legally described as follows, to-wit:

All that portion of the 30' Right-Of-Way of N.W. 3rd Place lying between and immediately adjacent to the North Line of Block 2, and the South Line of Block 3, Dania Manor, according to the Plat thereof recorded in Plat Book 10, Page 53 of the Public Records of Broward County, Florida, being bounded on the East by a Line 10 Feet West of the Southerly extension of the East Line of said Block 3, and on the West by a Line 17.5 Feet East of the Southerly extension of the West Line of said Block 3.

LARRY L. ADAIR, P. A.
ATTORNEY AT LAW

Page No. 2

Since 1989, Applicant, 800 Marine Technical Center, Inc., has and continues to hold *fee simple* title to both, **Block 3 and Block 2, Plat Book 10, Page 53, Broward County, Florida**, and has filed an application with the City Of Dania Beach to vacate (...again) only that portion of the public right-of-way of N.W. 3rd Place situate, lying and being between Northwest 8th Avenue on the East, and Northwest 9th Avenue on the West, City of Dania Beach, Broward County, Florida.

As stated, Applicant is seeking to vacate only that portion of N. W. 3rd Place which abuts Applicant's property; and, which Applicant, pursuant to a City of Dania Beach issued Building Permit in 1989, was permitted to improve as a paved road at Applicant's sole cost and expense. Further, that portion of N.W. 3rd Place sought to be vacated is the only improved portion of N. W. 3rd Place within the geographic boundary of the **Corrected Plat of DANIA MANOR, recorded in Plat Book 10, Page 53, Public Records of Broward County, Florida**.

For purposes of clarification and assistance to you in locating the juxtaposition of the portion of N. W. 3rd Place sought to be vacated, we have enclosed with this required Notice Of Application To Vacate Public Records, the following:

BOUNDARY SKETCH prepared by Southeast Architects Services, Inc. of Plantation, Florida, depicting both, the portion of NW 3rd Place to be vacated and identifying all surrounding property Owners and their respective Tax Folio Numbers for each.

Please Note: Applicant, 800 Marine Technical Center, Inc., is the *fee simple* Owner of **PARCELS "A"; "B"; "C"; "D"; "E"; "F" and "G"** as are depicted on the attached Boundary Sketch.

As stated, the within **Notice To Utilities Of Intent To Vacate Public Road** is being furnished to you pursuant to the requirements of the above-referenced Code Section of the Municipal Code of The City of Dania Beach, Florida; however, the within letter is precisely only that, i.e. a "notice" required of the Applicant and, as such, there is no requirement you take any further action in this regard. Should, however, you have any questions or require any further information, you may, by all means, contact the undersigned in this regard; or, alternatively you may likewise direct any further inquiry to the City of Dania Beach, Building & Zoning Department, 100 West Dania Beach Boulevard, Dania, Florida 33004.

Otherwise, thanking you for your kind attention in this matter, we remain

Very truly yours,

A TRUE COPY

Larry L. Adair, Esquire

LLA:ch
Enclosure (1)

cc: City Of Dania Beach, Florida Attn: Dept. Of Community Development Planning & Zoning

LARRY L. ADAIR, P. A.

ATTORNEY AT LAW

9715 WEST BROWARD BOULEVARD
SUITE NUMBER 303
PLANTATION, FLORIDA 33324

e-mail address: larry@lladairlaw.com

LARRY L. ADAIR
MEMBER FLORIDA AND TEXAS BAR

(954) 600-3266
FAX: (786) 257-5675

Via Federal Express

November 12, 2018

AT&T Corporate Headquarters
208 South Akard St
Dallas, Texas 75202

Attn: Legal Department - Required Notice To Utilities Of Application to Vacate Public Road

Re: Matter : Notice Of Application To Vacate Public Road

Address : That portion of NW 3rd Place in the City of Dania, Broward
County, Florida lying between Northwest 8th & 9th Avenues

Gentlemen:

We are writing pursuant to the requirements of the City Of Dania Beach, Florida, a municipality located within Broward County, Florida. More specifically, to provide a required Notice Of Application to Vacate a Public Road pursuant to the requirements of **City Of Dania Beach Code Section 655-20 - Supplement Application Requirements**, which provides, in part, as follows:

Sec. 655-20. - Supplemental application requirements.

- (A) Evidence of notification to all utilities (public and private) that may have an interest in the area to be vacated.

Accordingly, our client, **800 Marine Technical Center, Inc., a Florida corporation**, is Owner of certain commercial properties divided by a three (300') foot portion of a public road, i.e. N. W. 3rd Place, having been dedicated as such by that certain **Corrected Plat of DANIA MANOR**, dated January 4, 1926, recorded among the Public Records of Broward County, Florida in Plat Book 10, Page 53.

The portion of the public road sought to be vacated, that is - Northwest 3rd Place, is legally described as follows, to-wit:

All that portion of the 30' Right-Of-Way of N.W. 3rd Place lying between and immediately adjacent to the North Line of Block 2, and the South Line of Block 3, Dania Manor, according to the Plat thereof recorded in Plat Book 10, Page 53 of the Public Records of Broward County, Florida, being bounded on the East by a Line 10 Feet West of the Southerly extension of the East Line of said Block 3, and on the West by a Line 17.5 Feet East of the Southerly extension of the West Line of said Block 3.

LARRY L. ADAIR, P. A.
ATTORNEY AT LAW

Page No. 2

Since 1989, Applicant, 800 Marine Technical Center, Inc., has and continues to hold *fee simple* title to both, **Block 3 and Block 2, Plat Book 10, Page 53, Broward County, Florida**, and has filed an application with the City Of Dania Beach to vacate (...again) only that portion of the public right-of-way of N.W. 3rd Place situate, lying and being between Northwest 8th Avenue on the East, and Northwest 9th Avenue on the West, City of Dania Beach, Broward County, Florida.

As stated, Applicant is seeking to vacate only that portion of N. W. 3rd Place which abuts Applicant's property; and, which Applicant, pursuant to a City of Dania Beach issued Building Permit in 1989, was permitted to improve as a paved road at Applicant's sole cost and expense. Further, that portion of N.W. 3rd Place sought to be vacated is the only improved portion of N. W. 3rd Place within the geographic boundary of the **Corrected Plat of DANIA MANOR, recorded in Plat Book 10, Page 53, Public Records of Broward County, Florida**.

For purposes of clarification and assistance to you in locating the juxtaposition of the portion of N. W. 3rd Place sought to be vacated, we have enclosed with this required Notice Of Application To Vacate Public Records, the following:

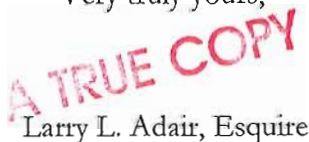
BOUNDARY SKETCH prepared by Southeast Architects Services, Inc. of Plantation, Florida, depicting both, the portion of NW 3rd Place to be vacated and identifying all surrounding property Owners and their respective Tax Folio Numbers for each.

Please Note: Applicant, 800 Marine Technical Center, Inc., is the *fee simple* Owner of **PARCELS "A"; "B"; "C"; "D"; "E"; "F" and "G"** as are depicted on the attached Boundary Sketch.

As stated, the within **Notice To Utilities Of Intent To Vacate Public Road** is being furnished to you pursuant to the requirements of the above-referenced Code Section of the Municipal Code of The City of Dania Beach, Florida; however, the within letter is precisely only that, i.e. a "notice" required of the Applicant and, as such, there is no requirement you take any further action in this regard. Should, however, you have any questions or require any further information, you may, by all means, contact the undersigned in this regard; or, alternatively you may likewise direct any further inquiry to the City of Dania Beach, Building & Zoning Department, 100 West Dania Beach Boulevard, Dania, Florida 33004.

Otherwise, thanking you for your kind attention in this matter, we remain

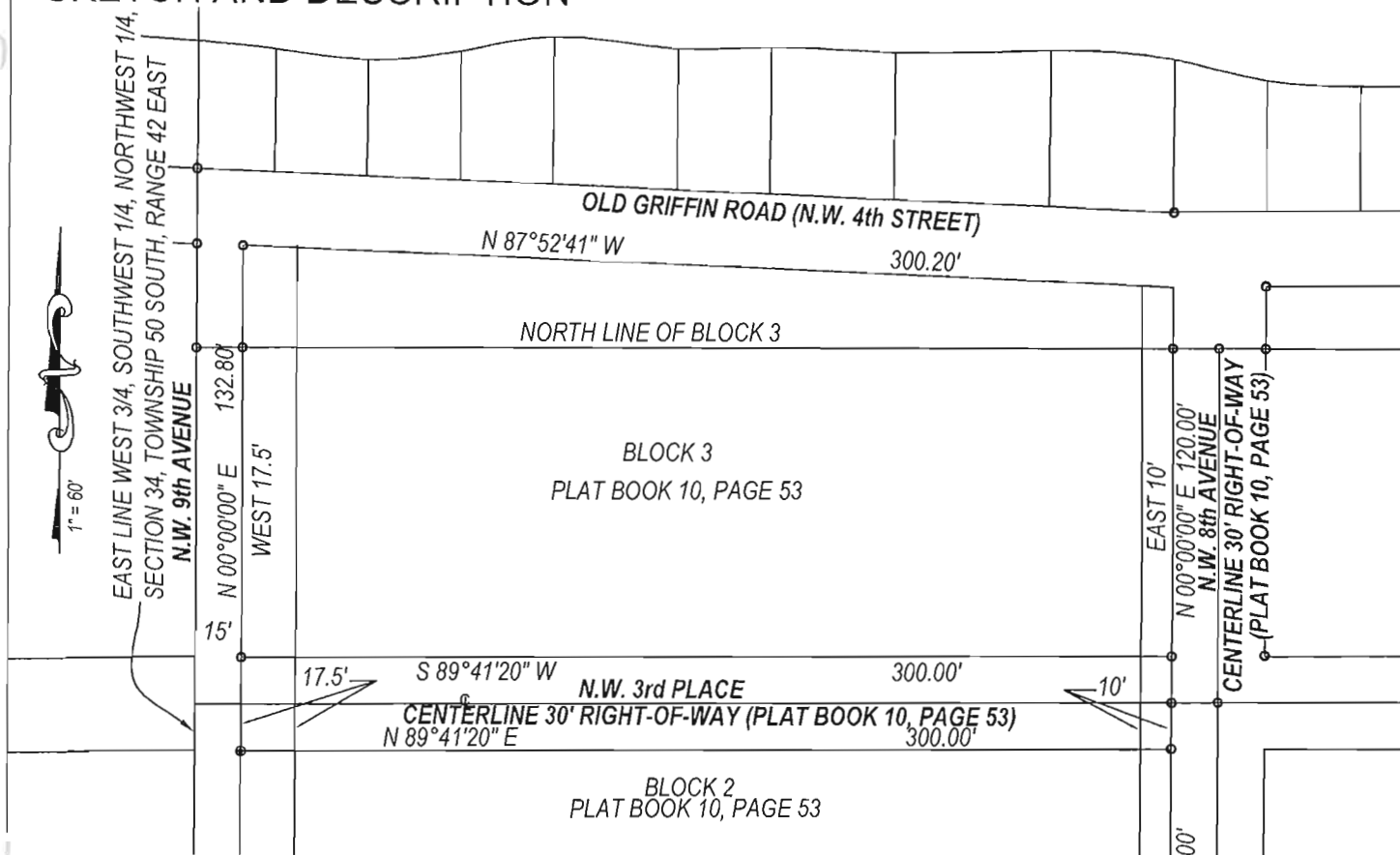
Very truly yours,


Larry L. Adair, Esquire

LLA:ch
Enclosure (1)

cc: City Of Dania Beach, Florida Attn: Dept. Of Community Development Planning & Zoning

EXHIBIT 'A' SKETCH AND DESCRIPTION



LEGAL DESCRIPTION:

ALL THAT PORTION OF THE 30' RIGHT-OF-WAY OF N.W. 3rd PLACE LYING BETWEEN AND IMMEDIATELY ADJACENT TO THE NORTH LINE OF BLOCK 2, AND THE SOUTH LINE OF BLOCK 3, DANIA MANOR, ACCORDING TO THE PLAT THEREOF RECORDED IN PLAT BOOK 10, PAGE 53 OF THE BROWARD COUNTY, FLORIDA, BEING BOUNDED ON THE EAST BY A LINE 10 FEET WEST OF THE SOUTHERLY EXTENSION OF THE EAST LINE OF SAID BLOCK 3, AND ON THE WEST BY A LINE 17.5 FEET EAST OF THE SOUTHERLY EXTENSION OF THE WEST LINE OF SAID BLOCK 3.

SURVEYORS' NOTES:

1. I HEREBY CERTIFY THIS SURVEY MEETS STANDARDS OF PRACTICE PURSUANT TO FLORIDA STATUTES.
2. THE SURVEY MAP AND REPORT AND THE COPIES THEREOF ARE NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER.
3. THIS FIRM'S CERTIFICATE OF AUTHORIZATION NUMBER IS LB 8261.
4. ADDITIONS OR DELETIONS TO SURVEY MAPS OR REPORTS BY OTHER THAN THE SIGNING PARTY OR PARTIES IS PROHIBITED WITHOUT WRITTEN CONSENT OF THE SIGNING PARTY OR PARTIES.

SIGNED:

GINO FURLANO
PROFESSIONAL LAND SURVEYOR AND MAPPER
FLORIDA CERTIFICATE No. 5044

DATE: 8-05-18



PM SURVEYING

4546 CAMBRIDGE STREET
WEST PALM BEACH, FL 33415
OFFICE 561-478-7764
FAX 561-478-1094

Please visit us on the web @ www.pmsurveying.net

LARRY L. ADAIR, P. A.

ATTORNEY AT LAW

9715 WEST BROWARD BOULEVARD
SUITE NUMBER 303
PLANTATION, FLORIDA 33324

e-mail address: larry@lladairlaw.com

LARRY L. ADAIR
MEMBER FLORIDA AND TEXAS BAR

(954) 600-3266
FAX: (786) 257-5675

Via Federal Express

November 12, 2018

FLORIDA POWER & LIGHT
South Broward Operations
4000 Davie Road Extension
Hollywood, Florida 33024

Attn: Mr. James Talley, Engineer

Re: Matter : Required Notice To Utilities Of Application To Vacate Public Road
Address : That portion of NW 3rd Place in the City of Dania, Broward County,
Florida lying between Northwest 8th & 9th Avenues

Dear Mr. Talley:

This firm represents Mr. John P. Downs in connection with the Application To Vacate A Public Road, in this instance, more particularly a three (300') foot portion of N. W. 3rd Place in the City of Dania Beach, Broward County, Florida, being that certain 300' section of N. W. 3rd Place situate, lying and being between Northwest 8th and 9th Avenues.

This matter may be familiar to you in as you and Mr. Downs previously communicated with you in October last of 2014. We are now, however, required to provide the within form **Notice To Utilities of Application to Vacate A Public Road** to be filed on behalf of Mr. Downs' company, **800 Marine Technical Center, Inc.**, *fee simple* Owner of all property abutting the 300' section of N. W. 3rd Place, pursuant to **City Of Dania Beach Code Section 655-20 - Supplement Application Requirements**, which provides, in part, as follows:

Sec. 655-20. - Supplemental application requirements.

- (A) **Evidence of notification to all utilities (public and private) that may have an interest in the area to be vacated.**

Please note, we enclose with this letter copy of your e-mail of Sunday, October 26, 2014, from your good self to the City of Dania Beach with copy to Mr. Downs.

In this regard, we further wish to confirm that all restrictions on the use of that certain real property heretofore acquired from Florida Power & Light by virtue of **Special Warranty Deed of March 3, 2005, recorded March 8, 2005, under Clerk's File Number 104797469, in O. R. Book 39194, Page 1075, Public Records of Broward County, Florida**, as well those terms, conditions and provisions more particularly set out in that certain **Memorandum Of Right-Of-Way Consent Agreement, likewise dated March 3, 2005, and recorded March 11, 2005 under Clerk's File**

LARRY L. ADAIR, P. A.
ATTORNEY AT LAW

Page No. 2

Number 104809985, in O. R. Book 39222, Page 1233, Public Records of Broward County, Florida, shall continue to be strictly complied with and that any future use of the subject property shall be only be in strict conformity thereto.

The land heretofore conveyed to 800 Marine Technical Center, Inc. via the above-referenced Special Warranty Deed of March 3, 2005, are more particularly described as follows, to-wit:

All of Lots 1 through 24, inclusive, Block 2, Dania Manor, according to the corrected plat thereof, as recorded in Plat Book 10, Page 53, in the Public Records of Broward County, Florida.

Accordingly, our client, **800 Marine Technical Center, Inc., a Florida corporation**, is Owner of those certain commercial properties divided by a three (300') foot portion of improved public road, i.e. N. W. 3rd Place, having been dedicated as such by that certain **Corrected Plat of DANIA MANOR**, dated January 4, 1926, recorded among the Public Records of Broward County, Florida in Plat Book 10, Page 53.

Please note, the portion of the public road sought to be vacated, that is - N. W. 3rd Place, is legally described as follows, to-wit:

All that portion of the 30' Right-Of-Way of N.W. 3rd Place lying between and immediately adjacent to the North Line of Block 2, and the South Line of Block 3, Dania Manor, according to the Plat thereof recorded in Plat Book 10, Page 53 of the Public Records of Broward County, Florida, being bounded on the East by a Line 10 Feet West of the Southerly extension of the East Line of said Block 3, and on the West by a Line 17.5 Feet East of the Southerly extension of the West Line of said Block 3.

Further, since 1989, Applicant, 800 Marine Technical Center, Inc., has and continues to hold *fee simple* title to both, **Block 3 and Block 2, Plat Book 10, Page 53, Broward County, Florida**, and has filed an application with the City Of Dania Beach to vacate only the portion of the public right-of-way of N.W. 3rd Place situate, lying and being between Northwest 8th Avenue on the East, and Northwest 9th Avenue on the West, City of Dania Beach, Broward County, Florida.

As stated, Applicant is seeking to vacate the portion of N. W. 3rd Place which abuts Applicant's property; and, which in 1989 Applicant, at its sole cost and expense, and pursuant to Building Permit issued by the City of Dania Beach, was permitted to construct from raw land; and, who has solely maintained since that date for a service road for its business. Further, the portion of N.W. 3rd Place sought to be vacated is the only improved portion of N. W. 3rd Place within the geographic boundary of the **Corrected Plat of DANIA MANOR, recorded in Plat Book 10, Page 53, Public Records of Broward County, Florida.**

For clarification and assistance to you in locating the juxtaposition of that portion of N. W. 3rd Place sought to be vacated, we have enclosed with this required **Notice To Utilities Of Application To Vacate Public Road**, the following:

BOUNDARY SKETCH prepared by Southeast Architects Services, Inc. of Plantation, Florida depicting both, that portion of NW 3rd Place to be vacated and, as well,

LARRY L. ADAIR, P. A.
ATTORNEY AT LAW

Page No. 3

identifying all surrounding properties, Owners and their respective assigned Tax Folio Numbers each.

Please Note: Applicant, 800 Marine Technical Center, Inc., is the *fee simple* Owner of **PARCELS "A"; "B"; "C"; "D"; "E"; "F" and "G"** as are depicted on the attached Boundary Sketch.

Again, the within **Notice To Utilities Of Intent To Vacate Public Road** is being furnished to you pursuant to the requirements of the above-referenced Municipal Code Section of the City of Dania Beach, Florida; however, again is a "notice" to be provided public and private utilities as required of the Applicant and, as such no further action is required in this regard. Should, however, you have any other or further questions of the Applicant you may, of course, address them to either the Applicant or undersigned; or, alternatively, you may likewise direct any further inquiry to the City of Dania Beach, Building & Zoning Department, 100 West Dania Beach Boulevard, Dania, Florida 33004.

Otherwise, thanking you for your continued courtesies in this matter, we remain

Very truly yours,

A TRUE COPY

Larry L. Adair, Esquire

LLA:ch
Enclosure (1)

cc: City Of Dania Beach, Florida Attn: Dept. Of Community Development Planning & Zoning

From: Talley, James <James.Talley@fpl.com>
To: church <church@ci.dania-beach.fl.us>
Cc: jpdownsco <jpdownsco@aol.com>
Subject: Vacation of NW 3rd Place, Dania Beach
Date: Sun, Oct 26, 2014 4:27 pm

FPL has no objection to the vacation of NW 3rd Place, between NW 8th Ave & NW 9th Ave, in Dania, FL with the understanding the FPL transmissions lines will not be affected and the easement rights will not be released.

Thanks,



James Talley | Engineer – Power Delivery

South Broward Operations, 4000 Davie Rd. Extension, Hollywood FL 33024

Direct: 954.442.6347 | Fax: 954.442.6340

LARRY L. ADAIR, P. A.

ATTORNEY AT LAW

9715 WEST BROWARD BOULEVARD
SUITE NUMBER 303
PLANTATION, FLORIDA 33324

e-mail address: larry@lladairlaw.com

LARRY L. ADAIR
MEMBER FLORIDA AND TEXAS BAR

(954) 600-3266
FAX: (786) 257-5675

Via Federal Express

November 7, 2018

CITY OF DANIA BEACH
PUBLIC WORKS DEPARTMENT
1201 Stirling Road
Dania Beach, Florida 33004

Attn: Mr. Brad Kaine, Director Public Services

Re: Matter : Required Notice To Utilities Of Application To Vacate Public Road

Address : That portion of NW 3rd Place in the City of Dania, Broward County,
Florida lying between Northwest 8th & 9th Avenues

Dear Mr. Kaine:

We are writing pursuant to the requirements of the City Of Dania Beach, Florida, a municipality located within Broward County, Florida. More specifically, we are writing to provide a required Notice Of Application to Vacate a Public Road pursuant to the requirements of **Code Section 655-20 - Supplement Application Requirements**, which provides, in part, as follows:

Sec. 655-20. - Supplemental application requirements.

- (A) Evidence of notification to all utilities (public and private) that may have an interest in the area to be vacated.

Accordingly, our client, **800 Marine Technical Center, Inc.**, a Florida corporation, is Owner of certain commercial properties divided by a three (300') foot portion of a public road, i.e. N. W. 3rd Place, having been dedicated as such by that certain **Corrected Plat of DANIA MANOR**, dated January 4, 1926, recorded among the Public Records of Broward County, Florida in Plat Book 10, Page 53.

The portion of the public road sought to be vacated, that is - Northwest 3rd Place, is legally described as follows, to-wit:

All that portion of the 30' Right-Of-Way of N.W. 3rd Place lying between and immediately adjacent to the North Line of Block 2, and the South Line of Block 3, Dania Manor, according to the Plat thereof recorded in Plat Book 10, Page 53 of the Public Records of Broward County, Florida, being bounded on the East by a Line 10 Feet West of the Southerly extension of the East Line of said Block

LARRY L. ADAIR, P. A.
ATTORNEY AT LAW

Page No. 2

3, and on the West by a Line 17.5 Feet East of the Southerly extension of the West Line of said Block 3.

Since 1989, Applicant, 800 Marine Technical Center, Inc., has and continues to hold *fee simple* title to both, **Block 3 and Block 2, Plat Book 10, Page 53, Broward County, Florida**, and has filed an application with the City Of Dania Beach to vacate (...again) only that portion of the public right-of-way of N.W. 3rd Place situate, lying and being between Northwest 8th Avenue on the East, and Northwest 9th Avenue on the West, City of Dania Beach, Broward County, Florida.

As stated, Applicant is seeking to vacate only that portion of N. W. 3rd Place which abuts Applicant's property; and, which Applicant, pursuant to a City of Dania Beach issued Building Permit in 1989, was permitted to construct at Applicant's sole cost and expense. Further, the portion of N.W. 3rd Place sought to be vacated is the only improved portion of the road within the geographic boundary of the **Corrected Plat of DANIA MANOR, recorded in Plat Book 10, Page 53, Public Records of Broward County, Florida.**

For purposes of clarification and assistance to you in locating the juxtaposition of that portion of N. W. 3rd Place sought to be vacated, we have enclosed with this required **Notice To Utilities Of Application To Vacate Public Road**, the following:

BOUNDARY SKETCH prepared by Southeast Architects Services, Inc. of Plantation, Florida depicting both, that portion of NW 3rd Place to be vacated and, as well, identifying all surrounding properties, Owners and their respective assigned Tax Folio Numbers each.

Please Note: Applicant, 800 Marine Technical Center, Inc., is the *fee simple* Owner of **PARCELS "A"; "B"; "C"; "D"; "E"; "F" and "G"** as are depicted on the attached Boundary Sketch.

As stated, the within **Notice To Utilities Of Intent To Vacate Public Road** is being furnished to you pursuant to the requirements of the above-referenced Code Section of the Municipal code of the City of Dania Beach, Florida; however, in as you are aware, is a "notice" only required of the Applicant; and, as such there is no requirement any further action in this regard be undertaken; however, should of course you have any other or further questions of the Applicant in this regard, please feel free to contact either the undersigned or Applicant at your convenience; otherwise, thanking you for your kind attention in this matter, we remain

Very truly yours,

A TRUE COPY
Larry L. Adair, Esquire

LLA:ch
Enclosure (1)

cc: City Of Dania Beach, Florida Attn: Dept. Of Community Development Planning & Zoning

LARRY L. ADAIR, P. A.

ATTORNEY AT LAW

9715 WEST BROWARD BOULEVARD

SUITE NUMBER 303

PLANTATION, FLORIDA 33324

e-mail address: larry@lladairlaw.com

LARRY L. ADAIR
MEMBER FLORIDA AND TEXAS BAR

(954) 600-3266
FAX: (786) 257-5675

Via Federal Express

November 7, 2018

TECO Peoples Gas
702 North Franklin Street
P.O. Box 2562
Tampa, Florida 33601-2562

Attn: Legal - Department - Required Notice To Utilities Of Application to Vacate Public Road

Re: Matter : Notice Of Application To Vacate Public Road

Address : That portion of NW 3rd Place in the City of Dania, Broward
County, Florida lying between Northwest 8th & 9th Avenues

Gentlemen:

We are writing pursuant to the requirements of the City Of Dania Beach, Florida, a municipality located within Broward County, Florida. More specifically, to provide a required Notice Of Application to Vacate a Public Road pursuant to the requirements of **City Of Dania Beach Code Section 655-20 - Supplement Application Requirements**, which provides, in part, as follows:

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- (A) **Evidence of notification to all utilities (public and private) that may have an interest in the area to be vacated.**

Accordingly, our client, **800 Marine Technical Center, Inc., a Florida corporation**, is Owner of certain commercial properties divided by a three (300') foot portion of a public road, i.e. N. W. 3rd Place, having been dedicated as such by that certain **Corrected Plat of DANIA MANOR**, dated January 4, 1926, recorded among the Public Records of Broward County, Florida in Plat Book 10, Page 53.

The portion of the public road sought to be vacated, that is - Northwest 3rd Place, is legally described as follows, to-wit:

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LARRY L. ADAIR, P. A.
ATTORNEY AT LAW

Page No. 2

Since 1989, Applicant, 800 Marine Technical Center, Inc., has and continues to hold *fee simple* title to both, **Block 3 and Block 2, Plat Book 10, Page 53, Broward County, Florida**, and has filed an application with the City Of Dania Beach to vacate (...again) only that portion of the public right-of-way of N.W. 3rd Place situate, lying and being between Northwest 8th Avenue on the East, and Northwest 9th Avenue on the West, City of Dania Beach, Broward County, Florida.

As stated, Applicant is seeking to vacate only that portion of N. W. 3rd Place which abuts Applicant's property; and, which Applicant, pursuant to a City of Dania Beach issued Building Permit in 1989, was permitted to improve as a paved road at Applicant's sole cost and expense. Further, that portion of N.W. 3rd Place sought to be vacated is the only improved portion of N. W. 3rd Place within the geographic boundary of the **Corrected Plat of DANIA MANOR, recorded in Plat Book 10, Page 53, Public Records of Broward County, Florida**.

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BOUNDARY SKETCH prepared by Southeast Architects Services, Inc. of Plantation, Florida, depicting both, the portion of NW 3rd Place to be vacated and identifying all surrounding property Owners and their respective Tax Folio Numbers for each.

Please Note: Applicant, 800 Marine Technical Center, Inc., is the *fee simple* Owner of **PARCELS "A"; "B"; "C"; "D"; "E"; "F" and "G"** as are depicted on the attached Boundary Sketch.

As stated, the within **Notice To Utilities Of Intent To Vacate Public Road** is being furnished to you pursuant to the requirements of the above-referenced Code Section of the Municipal Code of The City of Dania Beach, Florida; however, the within letter is precisely only that, i.e. a "notice" required of the Applicant and, as such, there is no requirement you take any further action in this regard. Should, however, you have any questions or require any further information, you may, by all means, contact the undersigned in this regard; or, alternatively you may likewise direct any further inquiry to the City of Dania Beach, Building & Zoning Department, 100 West Dania Beach Boulevard, Dania, Florida 33004.

Otherwise, thanking you for your kind attention in this matter, we remain

Very truly yours,

A TRUE COPY
Larry L. Adair, Esquire

LLA:ch
Enclosure (1)

cc: City Of Dania Beach, Florida Attn: Dept. Of Community Development Planning & Zoning

From: Talley, James <James.Talley@fpl.com>

To: church <church@ci.dania-beach.fl.us>

Cc: jpdownsco <jpdownsco@aol.com>

Subject: Vacation of NW 3rd Place, Dania Beach

Date: Sun, Oct 26, 2014 4:27 pm

FPL has no objection to the vacation of NW 3rd Place, between NW 8th Ave & NW 9th Ave, in Dania, FL with the understanding the FPL transmissions lines will not be affected and the easement rights will not be released.

Thanks,



James Talley | Engineer – Power Delivery

South Broward Operations, 4000 Davie Rd. Extension, Hollywood FL 33024

Direct: 954.442.6347 | Fax: 954.442.6340

From: The John P Downs Co <jpdownsco@aol.com>

To: jpdownsco <jpdownsco@aol.com>

Subject: Fwd: Vacation of roadway NW 3rd Place

Date: Wed, Jan 21, 2015 1:50 pm

The John P Downs Co
jpdownsco@aol.com

—Original Message—

From: The John P Downs Co <jpdownsco@aol.com>

To: cchurch <cchurch@ci.dania-beach.fl.us> *

Sent: Wed, Jan 21, 2015 1:49 pm

Subject: Fwd: Vacation of roadway NW 3rd Place

—Original Message—

From: Granville, Kevin <Kevin_Granville@sheriff.org>

To: jpdownsco <jpdownsco@aol.com>

Sent: Wed, Jan 21, 2015 1:00 pm

Subject: Vacation of roadway NW 3rd Place

I have researched the following roadway (NW 3rd Place between NW 8th and 9th Avenue) and find no reason why vacating it will interfere with day to day law enforcement operations.

Captain Kevin E. Granville

Broward Sheriff's Office

City of Dania Beach

District Commander

Office: 954-926-2400

Fax: 954-964-0207



Please note that Florida has a broad public records law, and that all correspondence sent to me via email may be subject to disclosure.

STATEMENT IN SUPPORT
OF
800 MARINE TECHNICAL CENTER, INC.
STANDARD DEVELOPMENT APPLICATION TO VACATE PUBLIC RIGHT-OF-WAY
PER SEC. 655-20

City Of Dania Beach, Florida
100 West Dania Beach Boulevard
Dania Beach, Florida 33004

Attn: Department of Community Development - Planning and Zoning Division

Re: Standard Development Application of 800 Marine Technical Center, Inc. To Vacant
a Portion of N. W. 3rd Place, City Of Dania Beach, Broward County, Florida

Gentlemen:

My name is Stephen St. Clair. I am President of **Dania Beach Outside Storage, Inc., a Florida corporation**, located 901 Old Griffin Road, Dania Beach, Florida 33004, owner of that certain property located within the geographic boundary of Corrected Plat of Dania Manor, Plat Book 10, page 53, Broward County Public Records, and assigned Tax Folio Number **504235-000-200**.

That while the property owned by Dania Beach Outside Storage, Inc. ("Outside Storage") does not abut the affected portions of the *right-of-way* proposed for vacation, we nevertheless wish to once again reaffirm our continuing support of the efforts of 800 Marine Technical Center, Inc. ("800 Marine") to vacate the portion of N. W. 3rd Place lying between Northwest 8th and 9th Avenues, and which is more particularly described as follows, to-wit:

All that portion of the 30' Right-Of-Way of N. W. 3rd Place lying between and immediately adjacent to the North Line of Block 2, and the South Line of Block 3, Dania Manor, according to the Plat thereof recorded in Plat Book 10, Page 43 Public Records of Broward County, Florida, being bounded on the East by a line 10 Feet West of the Southerly Extension of the East Line of said Block 3, and on the West by a Line 17.5 Feet East of the Southerly Extension of the West Line of Said Block 3.

A **BOUNDARY SKETCH** of the above-described portion of N. W. 3rd Place sought to be vacated is attached to this Sworn Statement made in support of the pending Application to Vacate Public Road as is more particularly required pursuant to **Sec. 655-20 – Supplemental application requirements** of the Municipal Code, City of Dania Beach, which provides as follows:

Sec. 655-20 – Supplemental application requirements.

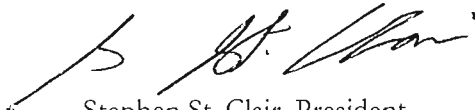
In addition to the general application requirements, the applicant shall provide:

- (A) Evidence of notification to all utilities (public and private) that may have an interest in the area to be vacated;
- (B) Notarized signature of property owners abutting affected portions of the right-of-way proposed for vacation, indicating support or objection for the application.

More particularly, as previously addressed in our *E-Mail Communication* of September 9, 2014 [COPY ATTACHED], we advised that the right-of-way proposed for vacation was originally constructed by Applicant, 800 Marine, solely at their own cost and expense in 1989, and who have since that date serviced and used the road exclusively as a service road for their business. Further, vacating the proposed right-of-way would further prohibit illegal dumping - a frequent occurrence and continuing expense to Applicant, as well enhance the safety and security of the immediate vicinity.

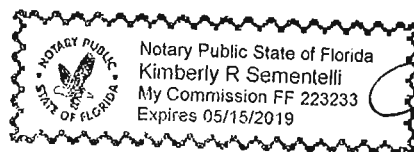
Otherwise, we again thank you for the opportunity to express our support for the vacation of the portion of the N. W. 3rd Place right-of-way as is more particularly described herein above, and remain

Very truly yours,



Stephen St. Clair, President
Dania Beach Outside Storage, Inc.
901 Old Griffin Road
Dania Beach, Florida 33004

SWORN TO and SUBSCRIBED before me this 21st day of November, 2018.


NOTARY PUBLIC

My Commission Expires:

() Personally Known; or

(✓) Present following identification: FL DL

September 9, 2014

City of Dania Beach
100 West Dania Beach Blvd.
Dania Beach, FL 33004
ATTN: Corinne LaVoie

Good afternoon Ms. LaVoie,

My name is Steve St. Clair, and I am the owner of the property west of the 800 Technical Center at 800/801 Old Griffin Rd., Dania Beach. Mr. Jack Downs informed me you require written documentation confirming I have no problem with the vacation of NW 3rd place; a road he put in and uses as a service road for his business. It makes sense and will prohibit illegal dumping along with the addition of the gates at either end of this one block road.

Thank you,

A handwritten signature in black ink, appearing to read 'Steve Sinclair', written over a horizontal line.

Steve Sinclair
Dania Outdoor Storage

LARRY L. ADAIR, P. A.

ATTORNEY AT LAW

9715 WEST BROWARD BOULEVARD
SUITE NUMBER 303
PLANTATION, FLORIDA 33324

e-mail address: larry@lladairlaw.com

LARRY L. ADAIR
MEMBER FLORIDA AND TEXAS BAR

(954) 600-3266
FAX: (786) 257-5675

Via Hand Delivery

December 6, 2018

City of Dania Beach
Department of Community Development
Planning and Zoning Division
100 West Dania Beach Boulevard
Dania Beach, Florida 33004

Attn: Corinne Lajoie, AICP, LEED GA
Planning and Zoning Manager

Re: Matter : Filing Standard Development Application
Applicant : 800 Marine Technical Center, Inc.
Purpose : To Vacate A Public Road & Waive Requirement to Re-Plat

Dear Ms. Lajoie:

We enclose on behalf of our client and applicant, 800 Marine Technical Center, Inc., a Florida corporation, the original STANDARD DEVELOPMENT APPLICATION seeking to vacate a public road, more particular the improved portion of N. W. 3rd Place situate within the Correct Plat of DANIA MANOR found at Plat Book 10, Page 53, Public Records of Broward County, Florida and more particularly lying between Northwest 8th and Northwest 9th Avenue.

Also enclosed are the following fees required in this regard, each payable to the City of Dania Beach, including:

- a. Vacation - Road / Easement Fee in the amount of \$3,500.00; and
- b. Request to waive Requirement to Re-Plat Fee of \$500.00.

Further enclosed in support of the attached Application are Notice Letters to the following Utilities, together with their respective proof of delivery:

- c. AT&T;
- d. COMCAST;
- e. FP&L;

LARRY L. ADAIR, P. A.
ATTORNEY AT LAW

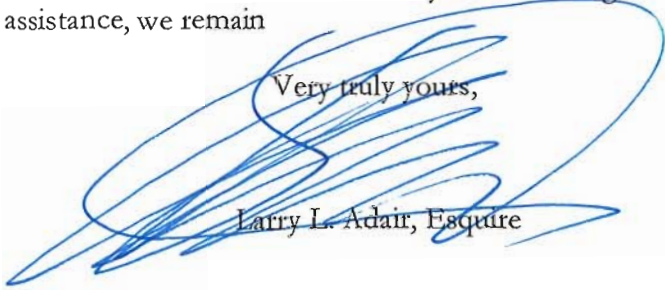
Page No. 2

- f. CITY OF DANIA BEACH PUBLIC WORKS; and
- g. TECO PEOPLE GAS.

And, lastly included are Statements of Support pursuant to the requirements of the City's Land Development Code.

Trusting you will find the enclosed satisfactory and thanking the Division for its continued courtesies and kind assistance, we remain

Very truly yours,



Larry L. Adair, Esquire

LLA:ch
Enclosures

CITY OF DANIA BEACH

Agenda Request Item

Type of Request: Resolution

Continued from:

Requested Action (Identify appropriate Action or Motion)

ADOPT RESOLUTION APPROVING THE SITE PLAN MODIFICATION (SP-02-17MOD) AND VARIANCE (VA-123-19), SUBMITTED BY DANIA AIRPORT HOTELS, LLC FOR PROPERTIES GENERALLY LOCATED ON THE EAST SIDE OF NORTH FEDERAL HIGHWAY BETWEEN NW 1st STREET AND EAST DANIA BEACH BOULEVARD AND ON THE EAST SIDE OF NE 1st COURT BETWEEN NE 1st STREET AND EAST DANIA BEACH BOULEVARD IN THE CITY OF DANIA BEACH, FLORIDA AS LEGALLY DESCRIBED IN EXHIBIT "A," A COPY OF WHICH IS ATTACHED TO THIS RESOLUTION; PROVIDING FOR CONDITIONS

Purchasing Requests ONLY

Dept:

Acct #:

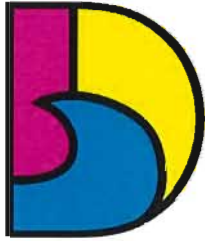
Amt:

Fund:

Fiscal Impact/Cost Summary

Exhibits Attached

CM Tru OPT, SR Tru OPT, R-2019- Dania Airport Hotels (TRU) Site Plan Modification (SP-02-17MOD) and Variance (VA-123-19), TRU Location Map (2), Tru applications OPT, Tru plans OPT, Tru Parking Study OPT



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

CITY OF DANIA BEACH COMMUNITY DEVELOPMENT MEMORANDUM

DATE: August 27, 2019

TO: Honorable Mayor and Commissioners

FROM: Ana M. Garcia, ICMA-CM, City Manager

VIA: Candido Sosa-Cruz, Assistant City Manager

BY: Marc C. LaFerrier, AICP, Director 
Corinne Lajoie, AICP, Planning and Zoning Manager 

SUBJECT: **VA-123-19/SP-02-17MOD:** The applicant, Samy Cohen, on behalf of the property owner Dania Airport Hotels, LLC., is requesting a parking variance and site plan modification for the property located at 14 NE 1 Court.

Request

VARIANCE

To provide 78 parking spaces, the Land Development Code (LDC) requires 96 parking spaces; per section 265-50.

SITE PLAN MODIFICATION

To change the access point for the off-site parking associated with the Tru Hotel.

Background

October 24, 2017 the City Commission approved Resolution No. 2017-135 approving the Site Plan and multiple Design Variances and Variances, as well as an Exception to construct a 115-room hotel and commercial space.

May 8, 2018 The City Commission approved Resolution No. 2018-064 to allow the applicant to parking the municipal parking garage.

Budgetary Impact

The budgetary impacts will be minimal, as construction on the hotel has already begun.

Recommendation

Approve the resolution for the variance and site plan.



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

**CITY OF DANIA BEACH
COMMUNITY DEVELOPMENT DEPARTMENT
STAFF REPORT**

DATE: August 27, 2019

TO: Ana M. Garcia, City Manager, ICMA-CM

VIA: Candido Sosa-Cruz, Assistant City Manager

FROM: Marc LaFerrier, AICP, Director
Corinne Lajoie, AICP, Planning and Zoning Manager *Corinne Lajoie*

SUBJECT: **VA-123-19/SP-02-17MOD:** The applicant, Samy Cohen, on behalf of the property owner Dania Airport Hotels, LLC., is requesting a parking variance and site plan modification for the property located at 14 NE 1 Court.

Request

VARIANCE

To provide 78 parking spaces; the Land Development Code (LDC) requires 96 parking spaces; per Section 265-50.

SITE PLAN MODIFICATION

To change the access point for the off-site parking associated with the Tru Hotel.

PROPERTY INFORMATION

EXISTING ZONING:	City Center (CC)
LAND USE DESIGNATION:	Regional Activity Center (RAC)

VIOLATIONS ON PROPERTY

There are no open violations on this property.

Background

The subject property is for the Tru hotel, which is currently under construction. The use occupies two (2) separate sites; one fronting on Federal Highway where the hotel building will be located, the other on NE 1 Court where off-site parking will be located.

The Site Plan and multiple Design Variances and Variances, as well as an Exception to construct a 115-room hotel and commercial space was approved by the City Commission on October 24, 2017 via Resolution No. 2017-135.

VARIANCE

The original site plan was approved with a parking agreement to utilize eighteen (18) parking spaces in the City of Dania Beach's municipal parking garage. At this time the applicant is proposing to eliminate

those eighteen (18) parking spaces, necessitating a variance. The applicant will be providing a total of 78 parking spaces on both sites, all of which will be valet. The LDC requires a total of 96 parking spaces.

Section 625 of the City's LDC states, the City Commission or Planning and Zoning Board, if applicable, shall hold its public hearing and, after consideration of the staff recommendation and public input, if any, may deny, approve or approve with conditions the application for variance, based upon its determination that the request meets the criteria identified in Section 625-40, which are identified below.

- (1) "That the requested variance maintains the basic intent and purpose of the subject regulations, particularly as it affects the stability and appearance of the city."
- (2) "That the requested variance is otherwise compatible with the surrounding land uses and would not be detrimental to the community."
- (3) "That the requested variance is consistent with, and in furtherance of, the goals, objectives and policies of the adopted Comprehensive Plan, as amended from time to time, and all other similar plans adopted by the city."
- (4) "That the plight of the petitioner is due to unique circumstances of the property or petitioner which would render conformity with the strict requirements of the subject regulations unnecessarily burdensome."
- (5) "That the variance requested is the minimum variance that is necessary to afford relief to the petitioner, while preserving the character, health, safety and welfare of the community."

The applicant provided a justification statement identifying how their requests are consistent with the Variance criteria.

SITE PLAN MODIFICATION

The applicant is modifying the previously approved site plan to change the access point for the off-site parking from the south property line from the alley to the west property line on NE 1 Court. The lay out, screening and landscaping will remain the same. This off-site parking is for surface parking only.

Recommendation

Approve the resolution for the variance and site plan.

RESOLUTION NO. 2019-096

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA, APPROVING THE SITE PLAN MODIFICATION (SP-02-17MOD) AND VARIANCE (VA-123-19), SUBMITTED BY DANIA AIRPORT HOTELS, LLC FOR PROPERTIES GENERALLY LOCATED ON THE EAST SIDE OF NORTH FEDERAL HIGHWAY BETWEEN NW 1st STREET AND EAST DANIA BEACH BOULEVARD AND ON THE EAST SIDE OF NE 1st COURT BETWEEN NE 1st STREET AND EAST DANIA BEACH BOULEVARD IN THE CITY OF DANIA BEACH, FLORIDA AS LEGALLY DESCRIBED IN EXHIBIT "A," A COPY OF WHICH IS ATTACHED TO THIS RESOLUTION; PROVIDING FOR CONDITIONS; PROVIDING FOR CONFLICTS; FURTHER, PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, pursuant to the City Code of Ordinances, Chapter 28, entitled "Land Development Code" (the "LDC"), of Part 6, entitled "Development Review Procedures and Requirements," Article 635, entitled "Site Plans," Dania Airport Hotels, LLC (the "Applicant") has applied to the City of Dania Beach (the "City"), for a Site Plan Modification (SP-02-17MOD) approval for property legally described in Exhibit "A" (the "subject property"); and

WHEREAS, Part 6 of the LDC, Article 635 "Site Plans" states that Site Plan approval is required as a condition to the issuance of a building permit; and

WHEREAS, the City Commission adopted Resolution No. 2017-135 on October 24, 2017 approving the Site Plan for a hotel and offsite parking lot for the subject property; and

WHEREAS, the Applicant has requested Site Plan Modification (SP-02-17MOD) approval to, modify/reconfigure the access and layout of the off-site parking lot, reduce the amount of required parking spaces for the subject property from ninety-six (96) to seventy-eight (78) parking spaces, and eliminate the need for eighteen (18) parking spaces in the City's parking garage; and

WHEREAS, Chapter 28, Part 6 of the LDC, Article 625, entitled "Variances," Section 625-40 states that the City Commission may grant a variance based on its determination that the petitioner has demonstrated that the necessary criteria identified in the LDC have been satisfied; and

WHEREAS, the Applicant has requested a Variance to provide seventy-eight (78) parking spaces, where Section 265-50 of the LDC requires ninety-six (96) parking spaces for the Project (VA-123-19);

WHEREAS, the City Commission conducted a duly noticed public hearing in accordance with Article 610 of the LDC; and

WHEREAS, the City Commission finds that the approval of the proposed Site Plan Modification (SP-02-17MOD) and Variance (VA-123-19) will protect the public health, safety, and welfare of the residents of the City, and furthers the purpose, goals, objectives and policies of the Comprehensive Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DANIA BEACH, FLORIDA:

Section 1. That the foregoing “WHEREAS” clauses are ratified and confirmed as being true and correct, and they are made a part of and incorporated into this Resolution by reference.

Section 2. That pursuant to Chapter 28, “Land Development Code,” Part 6 “Development Review Procedures and Requirements,” Article 635 “Site Plan,” the application for Site Plan Modification (SP-02-17MOD) approval, attached as Exhibit “B” which is made a part of and incorporated into this Resolution by reference is approved from the original Site Plan (SP-02-17), approved via Resolution No. 2017-135:

Section 3. That pursuant to Chapter 28, “Land Development Code”, Part 6 “Development review Procedures and Requirements,” Article 625 “Variances,” the Variance application (VA-123-19) is approved consistent with the Site Plan Modification provided in Exhibit “B” and eliminates the need for Applicant to provide eighteen (18) parking spaces in the City’s parking garage.

Section 4. That pursuant to LDC Section 635-100 “Expiration of Site Plans,” the Site Plan Modification (SP-02-17MOD) shall automatically expire and become null and void unless the Applicant files a complete building permit application with construction drawings for the improvements shown on the Site Plan, within eighteen (18) months from the date of this Resolution.

Section 5. That the issuance of a development permit by a municipality does not in any way create any right on the part of an Applicant to obtain a permit from a state or federal agency, and does not create any liability on the part of the municipality for issuance of the permit if the Applicant fails to obtain requisite approvals or does not fulfill the obligations imposed by a state or federal agency, or undertakes actions that result in a violation of state or federal law.

Section 6. That all resolutions or parts of resolutions in conflict with this Resolution are repealed to the extent of such conflict.

Section 7. That this Resolution shall be in force and take effect immediately upon its passage and adoption.

PASSED AND ADOPTED on August 27, 2019.

ATTEST:

THOMAS SCHNEIDER, CMC
CITY CLERK

LORI LEWELLEN
MAYOR

APPROVED AS TO FORM AND CORRECTNESS:

THOMAS J. ANSBRO
CITY ATTORNEY

Exhibit “A”
Legal Description

HOTEL SITE:

All of Lot 9, Lots 10 and 11, Less street right-of-way, ,and all of Lot 12, in Block 12 of TOWN OF MODELO (NOW DANIA BEACH) according to the Plat thereof as recorded in Plat Book B, Page 49, of the Public Records of Miami-Dade County, Florida, said lands now situate lying and being in Broward County, Florida.

Folio #: 50-4234-01-1790

Lots 13 and 14, Block 12, Town of Modelo (now DANIA BEACH), according to the Plat thereof recorded in Plat Book B, at Page 49, of the Public Records Dade County, Florida; Said lands situate, lying and being in Broward County, Florida, LESS the West 24 feet of said Lot 14 which has been heretofore conveyed to the State of Florida for highway purposes.

Folio #: 50-4234-10-1810

OFFSITE PARKING LOT:

Lots 1, 2 and 3, Block 5, Beachway Subdivision, according to the map or plat thereof, as recorded in Plat Book 8, Page(s) 33, of the Public Records of Broward County, Florida.

Folio #'s: 50-4234-12-0120, 50-4234-12-0130 and 50-4234-12-0140

**Exhibit “B”
Site Plan Modification**



LOCATION MAP

SP-02-17 MOD
VA-123-19

SITE PLAN
MODIFICATION

VARIANCE

TRU BY HILTON
44 N FEDERAL
14 NE 1 COURT

Legend

 SUBJECT PROPERTY

0 35 70 140 210 280 Feet



DANIA BEACH
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August 1, 2019

VIA FEDEX

Corinne Lajoie, AICP, LEED GA
Planning and Zoning Manager
City of Dania Beach
100 W Dania Beach Blvd
Dania Beach, FL 33004

RE: Tru Hotel – Original Parking Variance Application

Dear Ms. Lajoie:

Enclosed please find the original Parking Variance Application for Tru Hotel. The application fee of \$2,000.00 was hand delivered by our client. If you have not received the check by now or should you have any questions, please feel free to contact me.

Very truly yours,



Nectaria M. Chakas

NMC/nk
Enclosure

Tru by Hilton
Parking Variance Justification

VARIANCE	Code Section 265-50 Off street parking requirement	
Applied to Site Plan:	Required: Hotel: 0.8/room x 115 rooms = 92 spaces Retail: 1/300 sf x 997 = 4 spaces TOTAL Required: 96 spaces	Provided: 78 spaces (12 on site and 66 off site parking lot) Reduction requested: 18 spaces Resulting parking ratios: Hotel: 0.68/room x 115 = 78 spaces Retail: N/A because it is accessory to hotel
Variance Criteria:		
(1) That the requested variance maintains the basic intent and purpose of the subject regulations, particularly as it affects the stability and appearance of the city; Applicant Response: The requested variance meets the basic intent and purpose of the code. Due to the modern conveniences of Uber/Lyft, the hotel industry has experienced fewer guests traveling with a vehicle which requires parking. In addition, because this is a limited service hotel, the number of employees that would be working at any given time would not be nearly as much as a full service hotel or resort. In addition, although the retail uses proposed as part of this project are open to the public, the primary uses are expected to the guests of the hotel or people who are able to walk from the nearby neighborhoods or other hotels/businesses. As such, we are requesting that the retail component be treated as accessory to the hotel and not require parking.		
(2) That the requested variance is otherwise compatible with the surrounding land uses and would not be detrimental to the community; Applicant Response: The requested variance is compatible with surrounding land uses. There are other hotels and commercial establishments in the area and the parking variance would not be detrimental to those uses.		
(3) That the requested variance is consistent with, and in furtherance of, the goals, objectives and policies of the adopted Comprehensive Plan, as amended from time to time, and all other similar plans adopted by the city; Applicant Response: Certain concessions were made by the developer to give up the 18 parking spaces committed to the project in the CRA parking garage. In an effort to satisfy the City and to free up the spaces in the CRA garage, the owner has agreed to process this variance and if approved, the 18 parking spaces reserved in the CRA garage for this project, would not longer be needed. In addition, as noted above, the owner does not need the extra 18 parking spaces, because guests are using Uber/Lyft services rather than renting or using their vehicle to travel to and from the hotel and therefore, the extra parking is not needed.		
(4) That the plight of the petitioner is due to unique circumstances of the property or petitioner which would render conformity with the strict requirements of the subject regulations unnecessarily burdensome; and Applicant Response: The proposed project is located in an urban setting, and the hotel simply does not need the amount of parking required by the City's code.		
(5) That the variance requested is the minimum variance that is necessary to afford relief to the petitioner, while preserving the character, health, safety and welfare of the community. Applicant Response: The reduction in the parking is the minimum variance needed to afford relief to the petitioner, while at the same time, preserve the character, health, safety and welfare of the community. The approval of this variance will result in more parking in the CRA parking garage, and will mitigate the need for unused parking. The proposed parking ratio for the hotel equates to 0.68 spaces per hotel room which results in a parking requirement of 78 spaces for this project. The total reduction is 18 parking spaces (the amount reserved in the CRA parking garage, and would be released for other projects should this variance be approved).		



City of Dania Beach, Florida
Department of Community Development
Planning and Zoning Division
(954) 924-6805 X3643
(954) 922-2687 Fax

Standard Development Application

- ☐ Administrative Variance
☐ Land Use Amendment
☐ Plat
☐ Rezoning
☐ Site Plan
☐ Special Exception
☒ Variance
☐ Other: _____

Date Rec'd: 7-26-19

Petition No.: VA-123-19

(SEE APPLICATION TYPE SCHEDULE ON PAGES 3 & 4)

THIS APPLICATION WILL NOT BE ACCEPTED UNTIL IT IS COMPLETE AND SUBMITTED WITH ALL NECESSARY DOCUMENTS. Refer to the application type at the top of this form and "Required Documentation" checklist to determine the supplemental documents required with each application.

For after the fact applications, the responsible contractor of record shall be present at the board hearing. Their failure to attend may impact upon the disposition of your application. As always, the applicant or their authorized legal agent must be present at all meetings. All projects must also obtain a building permit from the City Building Division. For more information please reference the **Dania Beach Land Development Code Part 6, Development Review Procedures and Requirements.**

Hotel Site: 24 and 44 N. Federal Highway

Location Address: Offsite Parking Lot Site: 14 NE 1st Court

Hotel Site: Lot(s): 9 through 14 Block: 12 Subdivision: Town of Modelo (Dania)
Offsite Parking: Lot(s): 1 through 3 Block: 5 Subdivision: Beachway

Recorded Plat Name: Hotel Site: Town of Modelo (Dania) PB B Pg 49; Offsite Parking Lot: Beachway PB 8 Pg 38

Hotel Site: Folio Number(s): 504234011790 Legal Description: Lots 9, 10, 11, 12, 13 and 14, Blk 12, Town of Modelo
Offsite Parking: Folio Number(s): 5042120120 Legal Description: Lots 1, 2, and 3, Blk 5, Beachway

Robert B. Lochrie III, Esq. or Nectaria M. Chakas, Esq.
Lochrie & Chakas, P.A.

Applicant/Consultant/Legal Representative (circle one)

Address of Applicant: 1401 E. Broward Boulevard, Suite 303, Fort Lauderdale, FL 33301

Business Telephone: 954-779-1123 Home: _____ Fax: 954-779-1117

E-mail address: RLochrie@LochrieLaw.com and/or NChakas@LochrieLaw.com

Hotel Site: Dania Airport Hotels, LLC
Name of Property Owner: Offsite Parking Lot: Dania Airport Hotels, LLC

Address of Property Owner: 1955 Harrison Street, #200, Hollywood, FL 33020

Business Telephone: 305-803-5564 Home: _____ Fax: _____

Explanation of Request: Parking Variance for 18 spaces (96 spaces required, 78 spaces provided)

For Plats please provide proposed Plat Name for Variances please attach Criteria Statement as per Section 625.40 of the Land Development Code.

Hotel: 0.64 ac Hotel Site: 115 hotel rooms
Prop. Net Acreage: Parking: 0.47ac Gross Acreage: _____ Prop. Square Footage: Offsite Parking Lot: 997 SF

Hotel Site: Vacant
Existing Use: Offsite Parking Lot: Residential Proposed Use: Hotel and Offsite Parking Lot

Is property owned individually, by a corporation, association, or a joint venture?
LLC

AUTHORIZED REPRESENTATIVE

I/we are fully aware of the request being made to the City of Dania Beach. If I/We are unable to be present, I/we hereby authorize Lochrie & Chakas, P.A. (individual/firm) to represent me/us in all matters related to this application. I/we hereby acknowledge that the applicable fee was established to offset administrative costs and is not refundable.

I/we are fully aware that all approvals automatically expire within 12 months of City of Dania Beach Planning and Zoning Board or City Commission approval, or pursuant to the expiration timeframe listed in Part 6 of the Dania Beach Land Development Code.

STATE OF FLORIDA
COUNTY OF BROWARD
The foregoing instrument
was acknowledged

By: Nectaria Chakas
(Owner / Agent signature*) Nectaria M. Chakas, Esq.

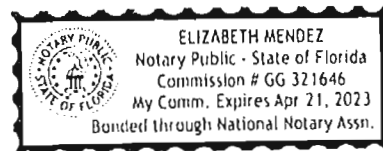
BEFORE ME THIS 24 DAY OF July, 2019

By:

Nectaria Chakas
(Print name of person acknowledging)

(Joint owner signature if applicable)

Notary [Signature]
(Signature of Notary Public – State of Florida)



Personally known ☒ or Produced Identification ☐

Type of identification produced: N/A or Drivers License

***If joint ownership, both parties must sign. If partnership, corporation or association, an authorized officer must sign on behalf of the group. A notarized letter of authorization from the owner of record must accompany the application if an authorized agent signs for the owner(s).**

NO APPLICATION WILL BE AUTOMATICALLY SCHEDULED FOR A MEETING.

***ALL APPLICATIONS MUST BE DETERMINED COMPLETE BY STAFF
BEFORE PROCESSING OCCURS.***

City of Dania Beach APPLICATION TYPE AND FEE SCHEDULE

INCOMPLETE SUBMITTALS ARE NOT ACCEPTABLE FOR REVIEW AND PROCESSING.

The following fees shall apply to all applications for land use plan amendments, rezoning, special exception use, variances, site plans and other zoning related applications. These fees are used to defray staff cost in the evaluation of the proposal made and provide for the required notices and public advertisements according to Florida State Statute and the Dania Beach Land Development Code. Should any applicant have more than one type of request to the City, the applications involved should be submitted at the same time. The present City policy is to have concurrent reviews being processed before the final review and actions by the Planning and Zoning Board and/or City Commission. It is the obligation of all applicants to review the appropriate City Codes and design standards related to their proposal before making any application to the City. The standard review process for all development applications are two (2) review cycles. **Any additional review or public notice required by staff or professional consultants due to the incorrect interpretation of the Land Development Code will be charged to the applicant as per "Section 685-10 Cost Recovery for Development Review" of the Dania Beach Land Development Code.**

APPLICATION TYPE	FEE
LAND USE	
Assignment of Flex Units or Acreage	Filing fee = \$4,000.00 plus \$5.00 per flex, reserve or LAC/RAC unit or hotel room or \$100 per acre or portion of such area <i>Includes Staff processing, 2 review cycles, advertising and notice costs</i>
Change of Land Use	Filing fee = \$7,000.00, plus \$500.00 per acre or portion of area <i>Includes Staff processing, 2 review cycles, advertising and notice costs</i>
ZONING	
Change of Zoning (Rezoning)	Less than 2 acres - \$2,500.00 Greater than 2 acres - \$6,000.00 <i>Includes Staff processing, 2 review cycles, advertising and notice costs</i>
Zoning Code Text Change	Changing the list of Permitted Uses - \$6,000.00 General Text - \$2,000.00 <i>Includes Staff processing, 2 review cycles, advertising and notice costs</i>
PLAT	(Perimeter) Filing fee = \$2550.00 plus \$50.00 per acre or portion of such area (Subdivision) Filing fee = \$2550.00 plus \$100 per acre or portion of such area Fire Review \$560.00 <i>Includes Staff processing, 2 review cycles, advertising and notice costs</i>
Delegation Request	\$1,500.00 <i>Includes Staff processing, 2 review cycles, advertising and notice costs</i>
SITE PLAN	
Residential, Hotel, Condo-Hotel, Time-Share, Motel	Filing fee = \$1,000.00 PLUS \$10.00 per unit Plus an initial retainer for cost recovery of consultant services of \$5,000.00. Additional consultant service fees may be required. Fire Review \$1,120.00 <i>Includes Staff processing, 2 review cycles, advertising and notice costs</i>
All other uses	Filing fee = \$1,000.00 PLUS the following: \$5.00 : 100 s.f. for 1 st 10,000 s.f., \$2.00 : 100 s.f. in excess of 10,000 s.f. Plus an initial retainer for cost recovery of consultant services of \$4,000.00. Additional consultant service fees may be required. Fire Review \$1,120.00 <i>Includes Staff processing, 2 review cycles, advertising and notice costs</i>
Site Plan Revisions	\$2,500.00 - <i>Includes staff processing and up to 2 review cycles.</i> Fire Review \$200.00 <i>Additional variances associated with any revision to a site plan are charged according to the associated variance type.</i>
Extension of Approval(s) (Site plan, variance, special exception requests)	\$1,250.00 – Single Extension (PLUS) an additional \$ 250.00 for each associated approval

City of Dania Beach APPLICATION TYPE AND FEE SCHEDULE

INCOMPLETE SUBMITTALS ARE NOT ACCEPTABLE FOR REVIEW AND PROCESSING.

The following fees shall apply to all applications for land use plan amendments, rezoning, special exception use, variances, site plans and other zoning related applications. These fees are used to defray staff cost in the evaluation of the proposal made and provide for the required notices and public advertisements according to Florida State Statute and the Dania Beach Land Development Code. Should any applicant have more than one type of request to the City, the applications involved should be submitted at the same time. The present City policy is to have concurrent reviews being processed before the final review and actions by the Planning and Zoning Board and/or City Commission. It is the obligation of all applicants to review the appropriate City Codes and design standards related to their proposal before making any application to the City. The standard review process for all development applications are two (2) review cycles. **Any additional review or public notice required by staff or professional consultants due to the incorrect interpretation of the Land Development Code will be charged to the applicant as per "Section 685-10 Cost Recovery for Development Review" of the Dania Beach Land Development Code.**

SPECIAL EXCEPTION	
SPECIAL EXCEPTION (Excluding cell towers)	Filing fee = \$3,700.00 plus \$200.00 per acre or portion of such area <i>Includes Staff processing, 2 review cycles, advertising and notice costs</i>
SPECIAL EXCEPTION (Cellular Towers)	Filing fee = \$4,000 <i>Includes Staff processing, 2 review cycles, advertising and notice costs</i>
Additional Resubmittal (In addition to the standard (2) review cycles)	Any additional review or public notice required by staff or professional consultants due to the negligence of the applicant will be charged to the applicant as per Article 685-10 Cost recovery for Development Review of the Dania Beach Land Development Code.
VARIANCES, APPEALS & WAIVERS	
Administrative, Single Family	\$ 300.00
Administrative, all other	\$ 500.00
Single Family/Community Facility	\$ 490.00
Duplex	\$1,050.00
Triplex	\$1,150.00
Multifamily, Hotel, Condo-Hotel (per variance)	\$2,300.00
Nonres. (per variance)	\$2,000.00
Wall Sign	\$ 700.00
Monument Sign	\$1,200.00
Pole Sign (As permitted)	\$2,400.00
Appeal (single family & comm fac)	\$ 650.00
Appeal (all other uses)	\$1,925.00
Dumpster Appeal to Com. Dev. Dir.	\$ 200.00
Dumpster Appeal to City Com.	\$ 500.00
Alcoholic Beverage Variance	\$1,250.00
Mobility	\$1,400.00
Trafficway Waiver	\$4,000.00
Vacation – Road/Easement	\$3,500.00
Alcohol Extended Hours License Application	\$2,250.00
Alcoholic Beverage Waiver	\$1,000.00
Zoning Review: State Liquor License	\$ 50.00
Outdoor Seating/Dinning	\$ 100.00
Assisted Living Facility	\$ 65.00
CRA Grant Application	\$ 250.00 <i>(up to this amount based on scope of work)</i>
UNSPECIFIED	\$ 500.00 PLUS any outside costs incurred by the city as per "Section 685-10"
Zoning Information Letter	\$ 250.00

Revised – 8-23-11 As per City Commission Approval Resolution #2011-090

November 1, 2016

Louise Stilson, City Clerk
City of Dania Beach
100 W. Dania Beach Boulevard
Dania Beach, FL 33004

RE: Permitting for property located at located at 24 and 44 N. Federal Highway, Dania Beach, FL

Dear City Clerk:

We hereby authorize Lochrie & Chakas, P.A. to act as agents in connection with all land use and zoning matters related to property located at 24 and 44 N. Federal Highway, Dania Beach, Florida.

Sincerely,

Dania Airport Hotels LLC

By: [Signature]

Printed Name: Samy Cohen

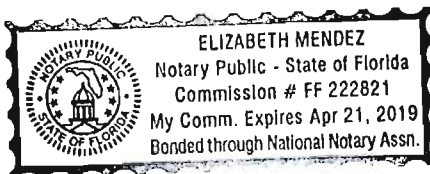
Title: Manager

Date: 11-1-2016

STATE OF Florida)
) ss
COUNTY OF Broward)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, the foregoing instrument was acknowledged by Samy Cohen who is the Manager of Dania Airport Hotels LLC and who is personally known to me or who has produced FLDL CS2078050003 C 11/1/16 as identification.

WITNESS my hand and official seal in the County and State last aforesaid this 1 day of Nov, 2016.



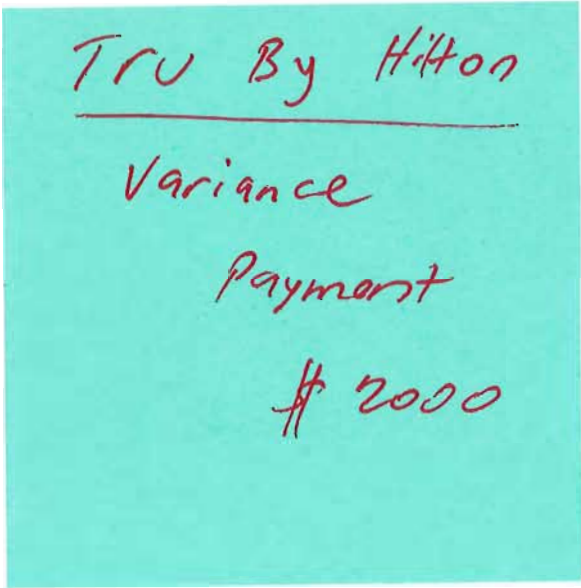
My Commission Expires:

[Signature]
Notary Public
Elizabeth Mendez
Typed, printed or stamped name of Notary Public

PAYMENT DATE
08/02/2019
COLLECTION STATION
City Hall Window 1
RECEIVED FROM
DANIA AIRPORT HOTELS
LLC
DESCRIPTION
1955 HARRISON STREET SUITE 200 HOLLYWOOD, FL 33020

City of Dania Beach
100 W. Dania Beach Blvd.
Dania Beach, FL 33004

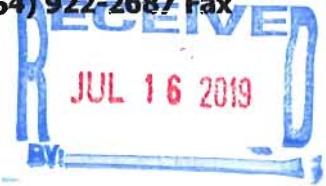
BATCH NO.
2019-11000925
RECEIPT NO.
2019-00047223
CASHIER
fincashier1

PAYMENT CODE	RECEIPT DESCRIPTION	TRANSACTION AMOUNT						
PSP	Appl Review - Standard TRU BY HILTO FOLIO #5042 3401 1790	\$2,000.00						
Payments:	<table border="1"><thead><tr><th>Type</th><th>Detail</th><th>Amount</th></tr></thead><tbody><tr><td>Check</td><td>3136</td><td>\$2,000.00</td></tr></tbody></table>  ☐ FILE COPY RECEIVED AUG 02 2019 BY: _____	Type	Detail	Amount	Check	3136	\$2,000.00	
Type	Detail	Amount						
Check	3136	\$2,000.00						
Total Amount:		\$2,000.00						

Customer Copy



City of Dania Beach, Florida
Department of Community Development
Planning and Zoning Division
(954) 924-6805 X3643
(954) 922-2687 Fax



Standard Development Application

- ☐ Administrative Variance
- ☐ Land Use Amendment
- ☐ Plat
- ☐ Rezoning
- ☐ Site Plan
- ☐ Special Exception
- ☐ Variance
- ☒ Other: SITE PLAN AMEND.

FILE COPY

Date Rec'd: _____

Petition No.: SP-02-17 MOD

(SEE APPLICATION TYPE SCHEDULE ON PAGES 3 & 4)

THIS APPLICATION WILL NOT BE ACCEPTED UNTIL IT IS COMPLETE AND SUBMITTED WITH ALL NECESSARY DOCUMENTS. Refer to the application type at the top of this form and "Required Documentation" checklist to determine the supplemental documents required with each application. For after the fact applications, the responsible contractor of record shall be present at the board hearing. Their failure to attend may impact upon the disposition of your application. As always, the applicant or their authorized legal agent must be present at all meetings. All projects must also obtain a building permit from the City Building Division. For more information please reference the **Dania Beach Land Development Code Part 6, Development Review Procedures and Requirements.**

Location Address: 14 NE 1st CT

Lot(s): 1, 2, 3 Block: 5 Subdivision: _____

Recorded Plat Name: _____

Folio Number(s): 504234120120 Legal Description: Beachway 8-33

Applicant/Consultant/Legal Representative (circle one) Samy Cohen

Address of Applicant: 1955 Harrison St. Ste 200 Hollywood, FL 33020

Business Telephone: 954.434.5001 Home: _____ Fax: _____

E-mail address: scohen@907global.com

Name of Property Owner: Dania Airport Hotels, LLC

Address of Property Owner: same as above.

Business Telephone: _____ Home: _____ Fax: _____

Explanation of Request: _____
For **Plats** please provide proposed **Plat Name** for **Variances** please attach **Criteria Statement** as per **Section 625.40 of the Land Development Code.**

Prop. Net Acreage: _____ Gross Acreage: 0.47 Prop. Square Footage: 20,1024

Existing Use: empty/vacant lot Proposed Use: valet parking lot

Is property owned individually, by a corporation, association, or a joint venture?

AUTHORIZED REPRESENTATIVE

I/we are fully aware of the request being made to the City of Dania Beach. If I/We are unable to be present, I/we hereby authorize Nectaria Chakas (individual/firm) to represent me/us in all matters related to this application. I/we hereby acknowledge that the applicable fee was established to offset administrative costs and is not refundable.

I/we are fully aware that all approvals automatically expire within 12 months of City of Dania Beach Planning and Zoning Board or City Commission approval, or pursuant to the expiration timeframe listed in Part 6 of the Dania Beach Land Development Code.

STATE OF FLORIDA
COUNTY OF BROWARD
The foregoing instrument
was acknowledged

By: [Signature]
(Owner / Agent signature*)

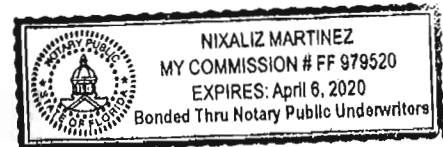
BEFORE ME THIS 16th DAY OF July, 20 19

By:

Samy Cohen
(Print name of person acknowledging)

(Joint owner signature if applicable)

Notary [Signature]
(Signature of Notary Public – State of Florida)



Personally known ☒ or Produced Identification _____

Type of identification produced: _____ or Drivers License _____

***If joint ownership, both parties must sign. If partnership, corporation or association, an authorized officer must sign on behalf of the group. A notarized letter of authorization from the owner of record must accompany the application if an authorized agent signs for the owner(s).**

NO APPLICATION WILL BE AUTOMATICALLY SCHEDULED FOR A MEETING.

***ALL APPLICATIONS MUST BE DETERMINED COMPLETE BY STAFF
BEFORE PROCESSING OCCURS.***

PAYMENT DATE

07/17/2019

COLLECTION STATION

City Hall Window 2

RECEIVED FROM

Dania Airport Hotels LLC

DESCRIPTION

1955 Harrison Street Suite 200 Hollywood, FL 33020

City of Dania Beach

100 W. Dania Beach Blvd.

Dania Beach, FL 33004

BATCH NO.

2019-10000869

RECEIPT NO.

2019-00044107

CASHIER

fincashier2

PAYMENT CODE	RECEIPT DESCRIPTION	TRANSACTION AMOUNT									
PSP	Appl Review - Standard 14 NE 1st Court Dania Beach, FL 33312	\$2,500.00									
FPR	Fire Plan Review Fee 14 NE 1st Court Dania Beach, FL 33312	\$200.00									
Payments:	<table><tr><th>Type</th><th>Detail</th><th>Amount</th></tr><tr><td>Check</td><td>3124</td><td>\$2,500.00</td></tr><tr><td>Check</td><td>3123</td><td>\$200.00</td></tr></table>	Type	Detail	Amount	Check	3124	\$2,500.00	Check	3123	\$200.00	
Type	Detail	Amount									
Check	3124	\$2,500.00									
Check	3123	\$200.00									
Total Amount:		\$2,700.00									

Customer Copy

Lajoie, Corinne

From: Nectaria Chakas <NChakas@lochrielaw.com>
Sent: Friday, July 26, 2019 3:54 PM
To: Lajoie, Corinne; LaFerrier, Marc
Cc: 'Sam Cohen'; Sabino, Deborah E.; Bryan, Muriel
Subject: RE: Tru Hotels - Resolution approving site plan modification
Attachments: Sec_265_60.____Alternate_parking_standards.doc

Corinne:

I just left Marc a message. I will go ahead and revise the Resolution to add the parking variance, but when I spoke to Marc (cc'd) awhile back, I mentioned that there is a code provision that allows him to approve an Alternative Parking Standard rather than asking for a variance. The developer is processing this amendment at the City's request and agreeing to go give up the 18 spaces in the garage so the city can use those for another project. When I spoke to Marc he was willing to do this if that is what the code allowed him to do. Attached is the code section....we used this on the Herc Rentals parking reduction as well, so there is a precedent. In the interest of time and advertising deadlines, I will go ahead and amend the resolution but I just wanted to make you aware that of my discussions with Marc. I'll send the amended resolution momentarily.

Nectaria M. Chakas, Esq. | Lochrie & Chakas, P.A.
Direct: 954-779-1123 | E-mail: NChakas@LochrieLaw.com

From: Lajoie, Corinne <clajoie@daniabeachfl.gov>
Sent: Friday, July 26, 2019 2:49 PM
To: Nectaria Chakas <NChakas@lochrielaw.com>
Cc: 'Sam Cohen' <scohen@ad1global.com>; Sabino, Deborah E. <dsabino@daniabeachfl.gov>; Bryan, Muriel <mbryan@daniabeachfl.gov>
Subject: RE: Tru Hotels - Resolution approving site plan modification
Importance: High

Marc said the parking variance and site plan modification both need to go to the City Commission. Please provide me/Debbie with the revised resolution as soon as possible.

From: Nectaria Chakas [<mailto:NChakas@lochrielaw.com>]
Sent: Friday, July 26, 2019 11:37 AM
To: Lajoie, Corinne
Cc: 'Sam Cohen'
Subject: RE: Tru Hotels - Resolution approving site plan modification

Hi Corinne. Are you referring to the parking variance? I was under the impression we could handle this an Alternative Parking (which can be approved by Marc) as we did on the Herc Rentals project. See attached code section. Variance wouldn't be needed if Marc can approve the "alternative".

Nectaria M. Chakas, Esq. | Lochrie & Chakas, P.A.
Direct: 954-779-1123 | E-mail: NChakas@LochrieLaw.com

From: Lajoie, Corinne <clajoie@daniabeachfl.gov>
Sent: Friday, July 26, 2019 10:15 AM
To: Nectaria Chakas <NChakas@lochrielaw.com>
Subject: FW: Tru Hotels - Resolution approving site plan modification
Importance: High

Can you assist?

From: Lajoie, Corinne
Sent: Friday, July 26, 2019 10:14 AM
To: 'Sam Cohen'
Cc: LaFerrier, Marc; Bryan, Muriel; Sabino, Deborah E.
Subject: RE: Tru Hotels - Resolution approving site plan modification
Importance: High

Good morning.

Don't you also need a variance?

You have not yet applied for one. We need to advertise on Monday. I am out of town next week and was hoping to have everything tied up today before I leave.

Below is a list of items missing if the variance is still needed:

1. What is the variance for?
2. Provide a revised resolution for the Site Plan Modification & Variance.
3. Provide an application for the Variance.
4. Provide variance criteria statement addressed the criteria in Section 625-
5. Provide payment of \$2,000 for the variance.

Of the items still missing, I MUST have the resolution TODAY so that I can send it to the Attorneys review and approval before we send it to the newspaper. We don't want to miss the advertising requirements.

From: Sam Cohen [<mailto:scohen@ad1global.com>]
Sent: Tuesday, July 23, 2019 3:56 PM
To: Lajoie, Corinne
Subject: Fwd: Tru Hotels - Resolution approving site plan modification

----- Forwarded message -----

From: Nectaria Chakas <NChakas@lochrielaw.com>
Date: Mon, Jul 22, 2019 at 16:18
Subject: Tru Hotels - Resolution approving site plan modification
To: Sam Cohen <scohen@ad1global.com>, Lajoie, Corinne <clajoie@daniabeachfl.gov>
CC: Nicole Kesler <reception@lochrielaw.com>

Hi Corinne. Attached is the draft resolution. Let me know if you have any questions.

Nectaria M. Chakas, Esq. | Lochrie & Chakas, P.A.

Direct: 954-779-1123 | E-mail: NChakas@LochrieLaw.com

From: Sam Cohen <scohen@ad1global.com>
Sent: Wednesday, July 17, 2019 4:29 PM

• **To:** Nectaria Chakas <NChakas@lochrielaw.com>
Subject: Fwd: FW: Valet Parking Lot

----- Forwarded message -----

From: Lajoie, Corinne <clajoie@daniabeachfl.gov>
Date: Wed, Jul 17, 2019 at 15:25
Subject: FW: Valet Parking Lot
To: Sam Cohen <scohen@ad1global.com>
CC: LaFerrier, Marc <mLaFerrier@daniabeachfl.gov>

Good afternoon.

We received your application for the Site Plan modification. I need the draft resolution for the Site Plan Modification emailed to me in word by July 22nd. I have attached a sample for your use.

From: Sam Cohen [<mailto:scohen@ad1global.com>]
Sent: Friday, May 31, 2019 4:35 PM
To: LaFerrier, Marc; Lajoie, Corinne
Subject: Fwd: Valet Parking Lot

Sent from my iPhone

Begin forwarded message:

From: Chad Edwards <cedwards@craventhompson.com>
Date: May 31, 2019 at 13:04:46 EDT
To: "Samy Cohen (samycohen@rocketmail.com)" <samycohen@rocketmail.com>
Cc: Mary Kusper <mkusper@craventhompson.com>, "Pamela Jimenez (pamela.jimenez@ad1global.com)" <pamela.jimenez@ad1global.com>
Subject: Valet Parking Lot

Samy,

Attached is a draft of the valet parking lot rotated.

Let me know if you have any questions or concerns.

Thanks

Chad E. Edwards, P.E.

Senior Supervising Engineer

Craven Thompson & Associates, Inc.

3563 NW 53rd Street

Fort Lauderdale, FL 33309-6311

Phone: (954)-739-6400 Ext. 307

Fax: (954)-739-6409

Cell: (954)-804-0425

Email: cedwards@craventhompson.com

--

Inline image

Samy Cohen

Partner

Scohen@ad1global.com

1955 Harrison St. Suite 200

Hollywood, FL 33020

Phone # 305-803-5564

www.ad1global.com

Confidentiality Note: This e-mail sent by scohen@adlglobal.com and any attachment to it, contains privileged and confidential information intended only for the use of the individual(s) or entity named on the e-mail. If the reader of this e-mail is not the intended recipient, or the employee or agent responsible for delivering it to the intended recipient, you are hereby notified that reading this e-mail is strictly prohibited. If you have received this e-mail in error, please immediately return it to the sender and delete it from your system. Virus Note: This e-mail and any attachment(s) are believed to be free from virus. However, it is the responsibility of the recipient to ensure that they are virus free. We do not accept any liability for any loss or damage arising in any way from the receipt, opening or use of this e-mail and any attachment(s). Thank you.

--

Inline image

Samy Cohen

Partner

Scohen@adlglobal.com

1955 Harrison St. Suite 200

Hollywood, FL 33020

Phone # 305-803-5564

www.adlglobal.com

Confidentiality Note: This e-mail sent by scohen@adlglobal.com and any attachment to it, contains privileged and confidential information intended only for the use of the individual(s) or entity named on the e-mail. If the reader of this e-mail is not the intended recipient, or the employee or agent responsible for delivering it to the intended recipient, you are hereby notified that reading this e-mail is strictly prohibited. If you have received this e-mail in error, please immediately return it to the sender and delete it from your system. Virus Note: This e-mail and any attachment(s) are believed to be free from virus. However, it is the responsibility of the recipient to ensure that they are virus free. We do not accept any liability for any loss or damage arising in any way from the receipt, opening or use of this e-mail and any attachment(s). Thank you.

14 NE 1ST CT, Dania Beach, FL 33004

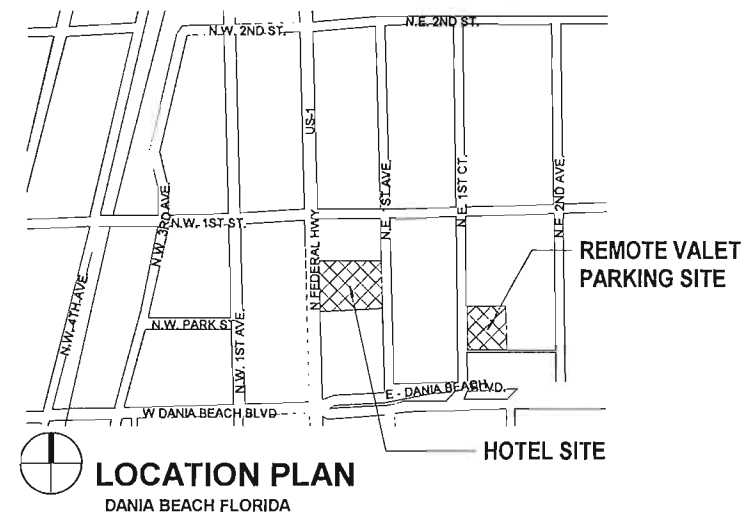
07/12/2018

2018-00001566

07/17/2019

OFF-SITE VALET
PARKING SITE

— HOTEL SITE



LIC. # 6837579-0301

Chad Edwards, Senior Supervising
Engineer
PHONE: 954 739-6400, x 307
EMAIL: cedwards@craventhompson.com

Mariano Corral, ASLA, PLA, ISA,
CEO/Principal
PHONE: 305-793-0665, x
EMAIL: marianocorral@comcast.net

LIC. # FL COA: 32693

Edward Locke, CEO/Principal
PHONE: (334) 446-3243, x
EMAIL: thedesigngroup@gmail.com

SHEET INDEX LANDSCAPE

CO-3	OFF SITE PARKING DEMOLITION PLAN
CO-4	OFFSITE PARKING PAVING, GRADING AND DRAINAGE PLAN

A-401	SITE DETAILS
A-400	EXTERIOR ELEVATIONS

S-105	STRUCTURAL NOTES (CONT.)
S-201	STRUCTURAL SITE PLAN AND DETAILS

E6.1	ELECTRICAL DETAILS
E7.1	ELECTRICAL SPECIFICATIONS

**TRU BY HILTON DANIA
BEACH OFF SITE PARKING
14 NE 1ST CT, Dania Beach,
FL 33004**



FL COA: AA2600125



DRAWN

CM / MR

EDIT DATE
3/4/2019 9:06:05 PM

ISSUE DATE

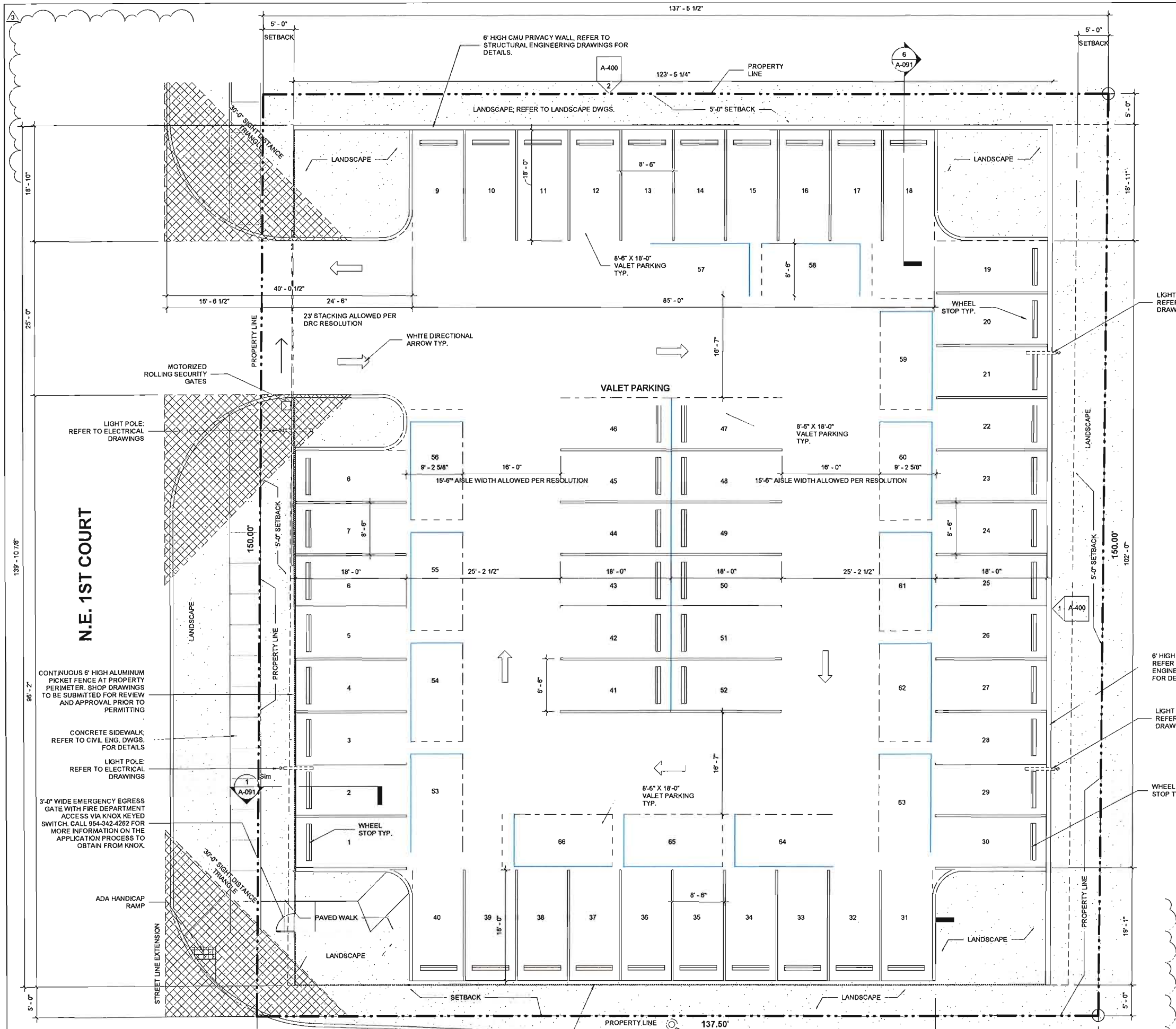
07/12/2018

SCALE

As indicated

JOB NUMBER

18-0028



OFF-SITE PARKING LEGAL DESCRIPTION

LOT 1, 2 AND 3, "BEACHWAY", ACCORDING TO PLAT THEREOF AS RECORDED IN PLAT BOOK 8, PAGE 33, OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA, SAID LAND SITUATED IN THE CITY OF DANIA BEACH.

TOTAL PARKING SPACES PROVIDED (VALET LOT)		
Project Name	DESCRIPTION	PROVIDED
PARKING LOT - TRU DANIA BEACH, FL	PARKING SPACE 8' 6" x 18' VALET PARKING	52
PARKING LOT - TRU DANIA BEACH, FL	PARKING SPACE 8' 6" x 18' (Valet)	14
Grand total		66

IMPERVIOUS SURFACE AREA CALCULATIONS - PARKING LOT		
IMPERVIOUS SURFACE AREA	PROPOSED % OF SITE	AREA SITE (SQ. FT)
	74%	20,624 SF

PERVIOUS / LANDSCAPE AREA CALCULATIONS - PARKING LOT		
LANDSCAPE AREA	PROPOSED % OF SITE AREA	AREA SITE (SQ. FT)
5,435	26%	20,624 SF

No.	DESCRIPTION	DATE
1	BLDG. DEPT. COMM.	10-03-201
2	OWNER REVISION	10-25-201
3	OWNER REV. 2	07-17-201

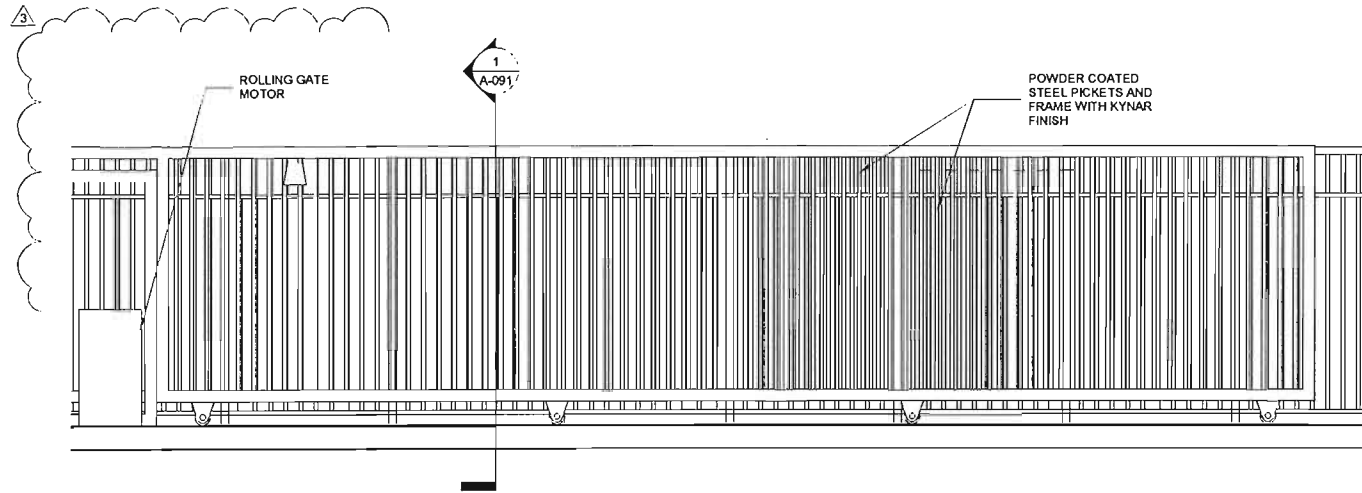
TRU BY HILTON DANIA BEACH
OFF SITE PARKING
14 NE 1ST CT, Dania Beach, FL
33004



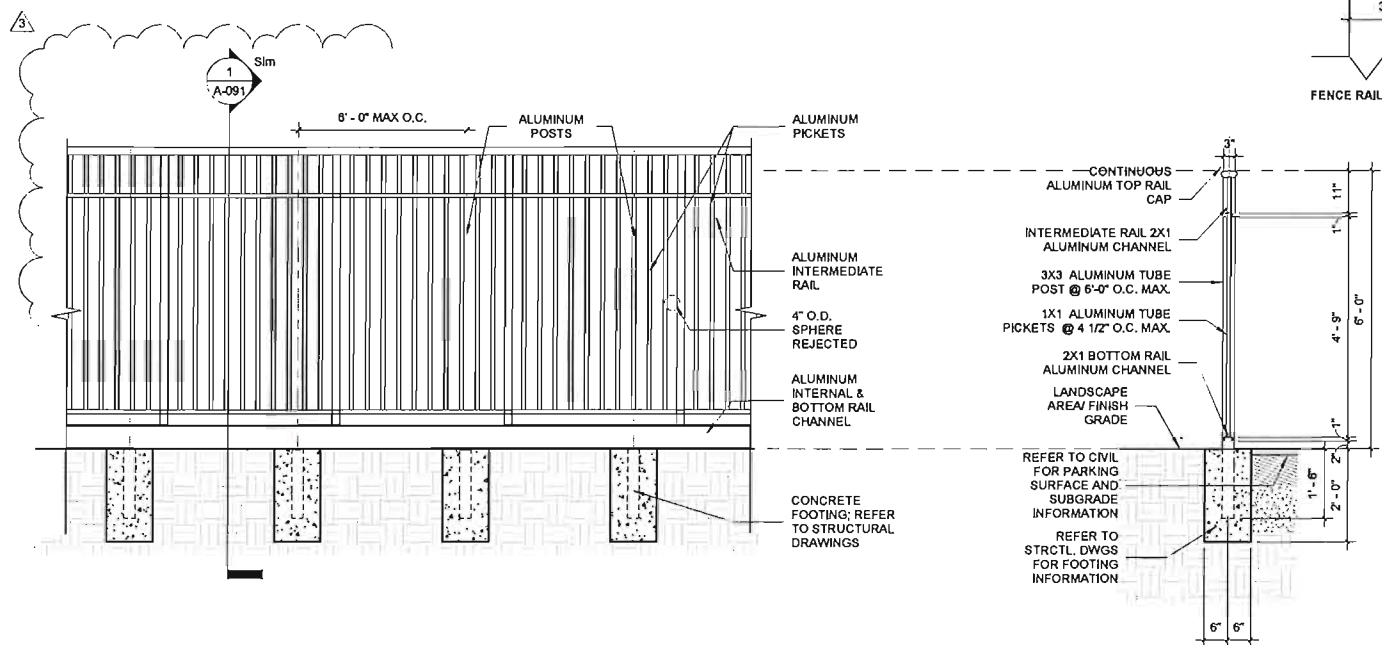
FL COA: AA26001254



DRAWN	CM
EDIT DATE	7/17/2019 2:36:33 PM
ISSUE DATE	07/12/2018
SCALE	As indicated
JOB NUMBER	16-0028
PROJECT STATUS	

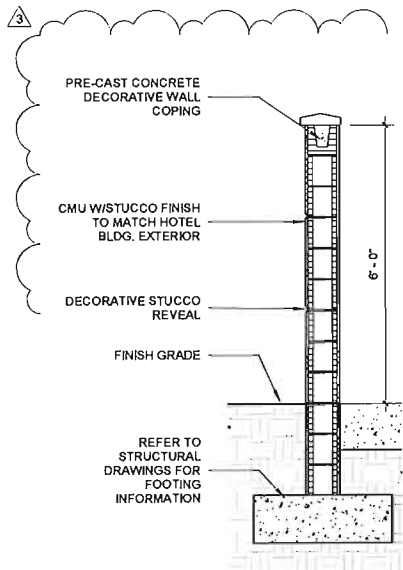
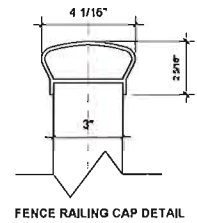


3 ROLLING GATE ELEVATION
1/2" = 1'-0"

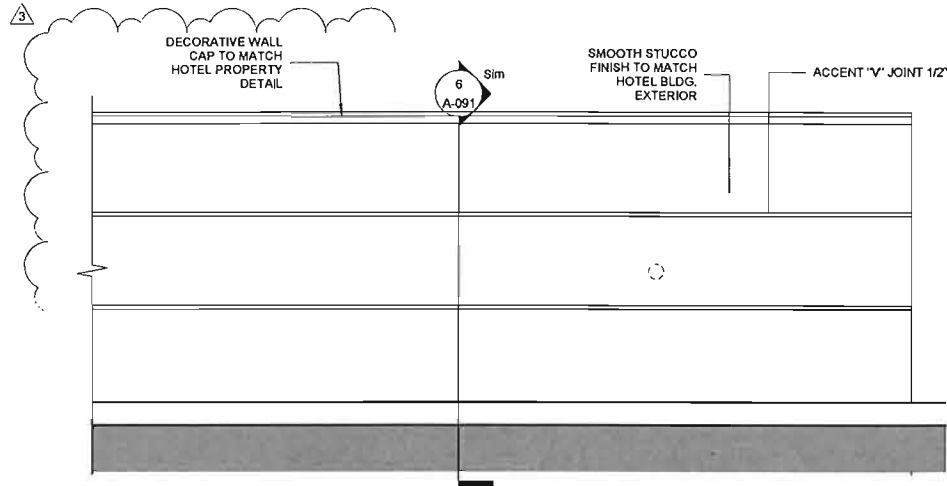


7 ALUMINUM FENCE ELEVATION
1/2" = 1'-0"

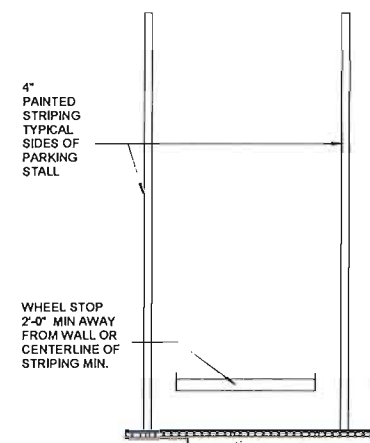
1 FENCE SECTION @ PARKING LOT
1/2" = 1'-0"



6 SECTION @ CMU WALL
1/2" = 1'-0"



5 WALL ELEVATION
1/2" = 1'-0"



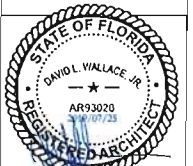
4 TYPICAL SINGLE VALET PARKING STALL
1/4" = 1'-0"

GENERAL NOTES

- SHOP DRAWINGS FOR THIS SCOPE OF WORK SHALL BE SUBMITTED FOR REVIEW AND APPROVAL IN ACCORDANCE TO THE PROJECT SPECIFICATIONS SECTION 01340.
- THE CONTRACTOR SHALL PROVIDE SIGNED AND SEALED SHOP DRAWINGS AND CALCULATIONS IN ACCORDANCE WITH THE FLORIDA BUILDING CODE AND PREPARED BY A QUALIFIED STATE LICENSED PROFESSIONAL ENGINEER

No.	DESCRIPTION	DATE
1	BLDG. DEPT. COMM.	10-02-2018
2	OWNER REVISION	10-25-2018
3	OWNER REV. 2	07-17-2019

TRU BY HILTON DANIA BEACH
OFF SITE PARKING
14 NE 1ST CT, Dania Beach, FL
33004



FL COA: AA26001254



DRAWN
CM
EDIT DATE
7/17/2019 2:36:35 PM
ISSUE DATE
07/17/2018
SCALE
As indicated
JOB NUMBER
18-0028
PROJECT STATUS

No.	DESCRIPTION	DATE
1	OWNER REVISION	10-25-2018
2	OWNER REV. 2	07-17-2019

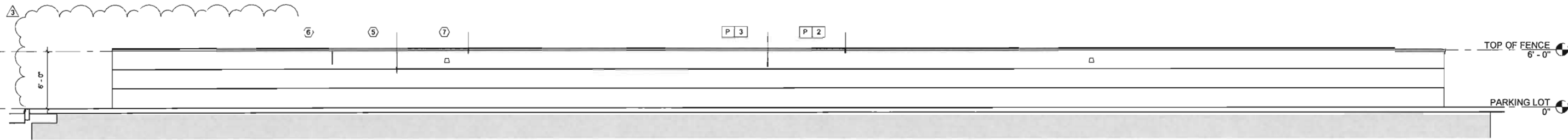
TRU BY HILTON DANIA BEACH
OFF SITE PARKING
14 NE 1ST CT, Dania Beach, FL
33004



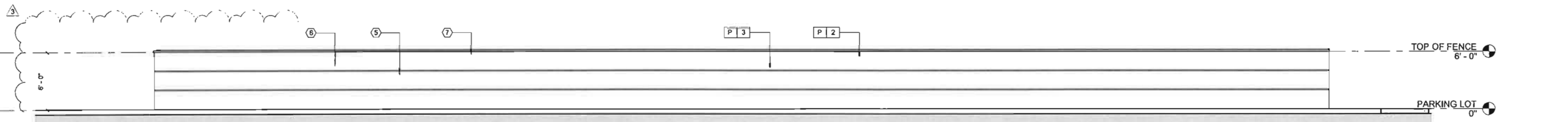
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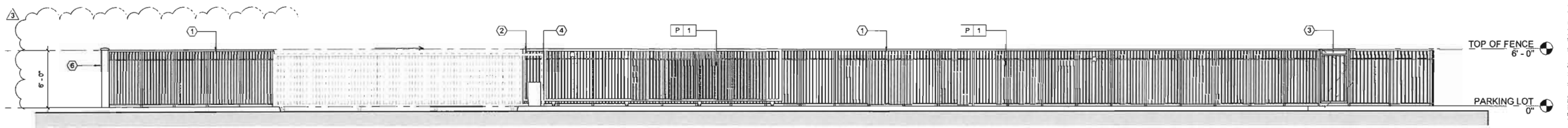
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As Indicated
JOB NUMBER
16-0026
PROJECT STATUS



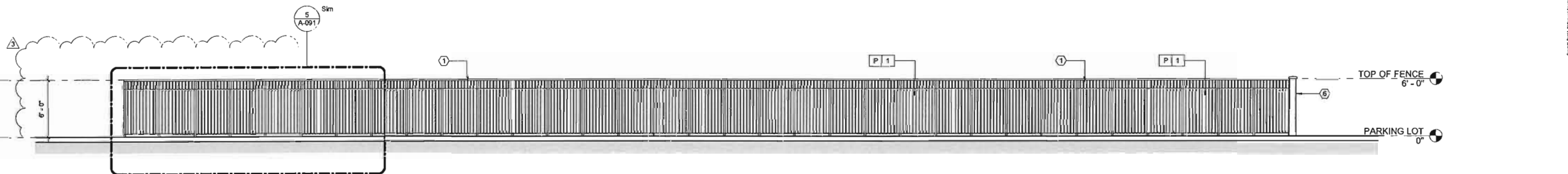
1 EAST ELEVATION
A-400 3/16" = 1'-0"



2 NORTH ELEVATION
A-400 3/16" = 1'-0"



3 WEST ELEVATION
A-400 3/16" = 1'-0"



4 SOUTH ELEVATION
A-400 3/16" = 1'-0"

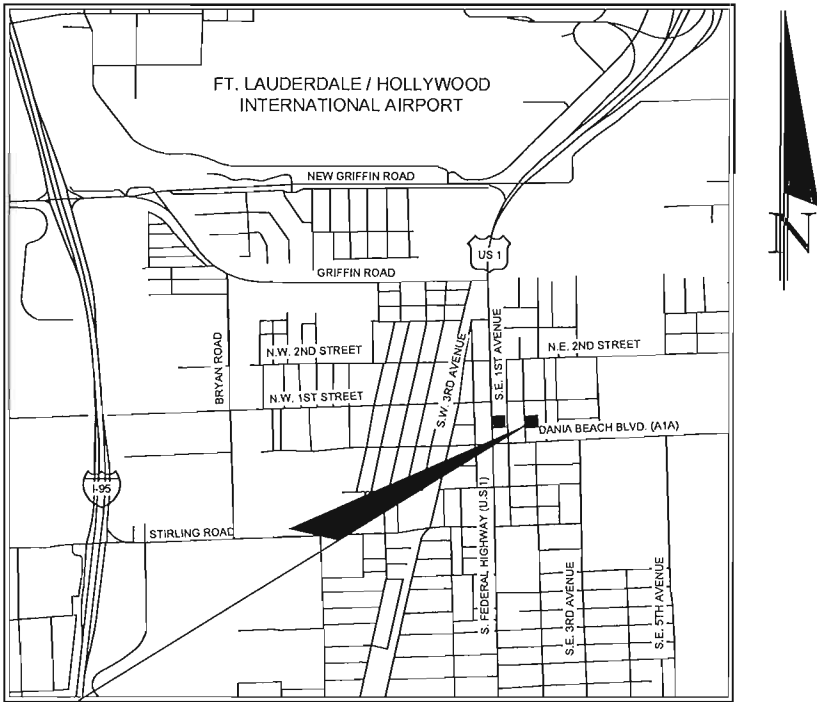
KEY NOTES - VALET PARKING SITE	
MARK	DESCRIPTION
1	POWDER COATED ALUMINUM FENCE
2	MOTORIZED ROLLING ENTRY AND SECURITY GATE
3	3'-0" WIDE EMERGENCY EGRESS GATE WITH FIRE DEPARTMENT ACCESS VIA KNOX REVED SWITCH
4	ROLLING ENTRY MOTOR
5	ACCENT "V" JOINT 1/2"
6	CMU WALL W/ SMOOTH STUCCO FINISH TO MATCH HOTEL BUILDING EXTERIOR
7	DECORATIVE BRICK CORING TO MATCH HOTEL RESIDENCY DETAIL

TRU BY HILTON DANIA BEACH OFFSITE PARKING LOT

CITY OF DANIA BEACH BROWARD COUNTY, FLORIDA

OFF-SITE DESCRIPTION:

LOT 1,2,AND 3, BLOCK 5, "BEACHWAY", ACCORDING TO PLAT THEREOF AS RECORDED IN PLAT BOOK 8, PAGE 33, OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA.SAID LAND SITUATED IN THE CITY OF DANIA BEACH



PROJECT LOCATION

LOCATION MAP

SECTION 34, TOWNSHIP 50 SOUTH, RANGE 42 EAST

OFF-SITE PARKING LOT PLANS	
SHEET NO.	DESCRIPTION
CO-1	OFFSITE PARKING COVER SHEET
CO-2	OFFSITE PARKING GENERAL NOTES & SPECIFICATIONS
CO-3	OFFSITE PARKING SITE PLAN
CO-4	OFFSITE DEMOLITION PLAN
CO-5	OFFSITE ENGINEERING PLAN
CO-6	OFFSITE PAVEMENT MARKING & SIGNAGE PLAN
CO-7	OFFSITE EROSION CONTROL PLAN
CO-8	OFFSITE PAVING AND DRAINAGE DETAILS
CO-9	OFFSITE PARKING WATER DETAILS
CO-10	OFFSITE CROSS SECTIONS

REVISIONS			
NO.	DATE	BY	DESCRIPTION
1	07/17/18	MK	CONSTRUCTION SET
2	12/19/18	MK	PER BUILDING COMMENTS
3	01/30/19	MK	PER OWNER REVISIONS
4	07/12/19	MK	SITE PLAN ORIENTATION

OFF-SITE ADDRESS:

14 NE 1ST CT
DANIA BEACH, FL 33004

PROJECTED WATER & SEWER DEMAND:

WATER: 0 GPD

SEWER: 0 GPD

DATA ABOVE OBTAINED / EXTRACTED FROM BROWARD COUNTY WATER AND WASTEWATER ENGINEERING DIVISION GUIDELINES FOR DETERMINING ABILITY TO PROVIDE POTABLE WATER AND WASTEWATER SERVICE DATED APRIL 2, 2012

PREPARED FOR:

DANIA AIRPORT HOTELS, LLC



Craven • Thompson and Associates, Inc.
ENGINEERS • PLANNERS • SURVEYORS

I. APPLICABLE CODES

- A. ALL CONSTRUCTION AND MATERIALS SHALL CONFORM TO CITY STANDARDS AND SPECIFICATIONS, AND ALL OTHER LOCAL, STATE AND NATIONAL CODES WHERE APPLICABLE. ALL CONSTRUCTION WITHIN FOOT ROW SHALL BE CONSTRUCTED TO MEET CITY STANDARDS. ALL CONSTRUCTION WITHIN BROWARD COUNTY ROW SHALL BE CONSTRUCTED PER BROWARD COUNTY MINIMUM STANDARDS.
- B. ALL CONSTRUCTION SHALL BE DONE IN A SAFE MANNER AND IN STRICT COMPLIANCE WITH ALL THE REQUIREMENTS OF FEDERAL OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970, AND ALL STATE AND LOCAL SAFETY AND HEALTH REGULATIONS.
- C. ALL ELEVATIONS SHOWN ON THE CONSTRUCTION DRAWINGS ARE BASED ON THE NORTH AMERICAN VERTICAL DATUM OF 1988 (N.A.V.D.), UNLESS OTHERWISE NOTED.
- D. ALL MATERIALS AND CONSTRUCTION SHALL CONFORM TO CITY, BROWARD COUNTY AND/OR FDOT SPECIFICATIONS (WHICHEVER APPLIES).
- E. CITY, BROWARD COUNTY AND/OR FDOT SPECIFICATIONS SHALL DICTATE WHEN IN CONFLICT WITH ANY OF THE FOLLOWING SPECIFICATIONS.
- F. CONTRACTOR SHALL BE SOLELY RESPONSIBLE FOR COMPLIANCE WITH THE STATE OF FLORIDA TRENCH SAFETY ACT.

II. PRECONSTRUCTION RESPONSIBILITIES

- A. UPON THE RECEIPT OF THE "NOTICE TO PROCEED", THE CONTRACTOR SHALL CONTACT THE ENGINEER OF RECORD AND ARRANGE A PRECONSTRUCTION CONFERENCE TO INCLUDE ALL INVOLVED GOVERNMENTAL, AGENCIES, UTILITY OWNERS, THE OWNER AND THE ENGINEER OF RECORD.
- B. THE CONTRACTOR SHALL OBTAIN A STATE OF FLORIDA CERTIFICATION NUMBER AT LEAST 48 HOURS PRIOR TO BEGINNING ANY EXCAVATION. CALL 1-800-432-4770.
- C. ALL UTILITY EASEMENTS TO BE SECURED PRIOR TO CONSTRUCTION (IF REQUIRED).
- D. LOCATION OF EXISTING FACILITIES AS SHOWN ON CONSTRUCTION DRAWINGS ARE DRAWN FROM AVAILABLE RECORDS. THE ENGINEER ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OF THE FACILITIES SHOWN OR FOR ANY FACILITY NOT SHOWN. THE CONTRACTOR SHALL VERIFY, IF POSSIBLE, THE ELEVATIONS AND LOCATIONS OF EXISTING UTILITIES PRIOR TO CONSTRUCTION. IN THE EVENT OF ANY DISCREPANCY OR CONFLICT WITH THE PROPOSED CONSTRUCTION UPON EXCAVATION, THE CONTRACTOR SHALL IMMEDIATELY NOTIFY THE ENGINEER OF RECORD SO THAT APPROPRIATE MEASURES CAN BE TAKEN TO RESOLVE THE PROBLEM.
- E. A SEPARATE CALCULATED SITE PLAN WILL BE REQUIRED PRIOR TO CONSTRUCTION TO VERIFY PROPOSED BUILDING, CURB, AND SITE WORK LOCATIONS.
- F. AT LEAST TWO (2) DAYS PRIOR TO THE START OF CONSTRUCTION, THE CONTRACTOR SHALL SUBMIT A COP "NOTICE OF INTENT (N.O.I.) TO THE PERMIT FOR STORMWATER DISCHARGE FROM CONSTRUCTION ACTIVITIES THAT COVER ONE ACRE OR MORE OF LAND" FORM (DEP FORM 62-621.300)(X)(B) TO FDP ENVIROMENT CENTER. THE CONTRACTOR WILL BE RESPONSIBLE FOR: (1) IMPLEMENTATION OF A STORMWATER POLLUTION PREVENTION PLAN (SWPPP) THAT IS REQUIRED TO BE DEVELOPED PRIOR TO THE N.O.I. SUBMITTAL, AND (2) RETENTION OF RECORDS REQUIRED BY THE PERMIT, INCLUDING RETENTION OF A COPY OF THE SWPPP AT THE CONSTRUCTION SITE THROUGHOUT THE ENTIRE DURATION OF THE PROJECT INITIATION TO THE DATE OF FINAL SITE STABILIZATION. "NOTICE OF TERMINATION (N.O.T.) OF GENERIC PERMIT COVERAGE" FORM (DEP FORM 62-621.300)(B) MUST BE SUBMITTED TO FDP TO DISCONTINUE PERMIT COVERAGE, SUBSEQUENT TO COMPLETION OF CONSTRUCTION, FOR ADDITIONAL INFORMATION SEE FDP WEBSITE: [HTTP://WWW.DEP.STATE.FL.US/WATER/STORMWATER/NRPNDPS](http://www.dep.state.fl.us/water/stormwater/nrpndps). CONTRACTOR SHALL BE RESPONSIBLE TO PREPARE A SWPPP AND SUBMIT TO THE ENGINEER FOR APPROVAL AND COMPLY WITH ALL PROVISIONS OF CHAPTER 62-621.
- G. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL REQUIRED DEWATERING PERMITS AND TREE REMOVAL / RELOCATION PERMITS.

III. INSPECTIONS

- A. THE CONTRACTOR SHALL NOTIFY THE CITY'S ENGINEERING DEPARTMENT, BROWARD COUNTY, THE ENGINEER OF RECORD, FDOT, AND ANY OTHER GOVERNMENTAL AGENCIES HAVING JURISDICTION AT LEAST 24 HOURS PRIOR TO BEGINNING CONSTRUCTION AND PRIOR TO THE INSPECTION OF THE FOLLOWING ITEMS, WHERE APPLICABLE:
1. CLEARING AND FILLING
 2. STORM DRAINAGE SYSTEM
 3. SANITARY SEWER SYSTEM
 4. WATER DISTRIBUTION SYSTEM
 5. SUBGRADE
 6. LIMEROCK BASE
 7. ASPHALTIC CONCRETE / PAVEMENT BRICK COURSE
 8. SIDEWALK
 9. FINAL

IV. SHOP DRAWINGS

- A. PRIOR TO THEIR CONSTRUCTION OR INSTALLATION, SHOP DRAWINGS SHALL BE SUBMITTED TO AND APPROVED BY THE ENGINEER OF RECORD FOR THE FOLLOWING: SANITARY MANHOLES, STORM DRAIN MANHOLES, CATCH BASINS, FIRE HYDRANTS, PIPING, VALVES AND ALL REQUIRED ACCESSORIES. IT IS THE RESPONSIBILITY OF THE CONTRACTOR TO OBTAIN ALL OTHER AGENCY APPROVALS IF REQUIRED.

V. TEMPORARY FACILITIES

- A. TEMPORARY FACILITIES
1. IT SHALL BE THE CONTRACTOR'S RESPONSIBILITY TO ARRANGE FOR OR SUPPLY TEMPORARY WATER SERVICE, SANITARY FACILITIES, TELEPHONE SERVICE AND ELECTRICITY.
- B. TRAFFIC REGULATION:
1. MAINTENANCE OF TRAFFIC IN THE PUBLIC RIGHTS-OF-WAY SHALL BE IN ACCORDANCE WITH M.U.T.C.D.
 2. ALL OPEN TRENCHES AND HOLES ADJACENT TO ROADWAYS OR WALKWAYS SHALL BE PROPERLY MARKED AND BARRICADED TO ASSURE THE SAFETY OF BOTH VEHICULAR AND PEDESTRIAN TRAFFIC.
 3. NO TRENCHES OR HOLES NEAR WALKWAYS, IN ROADWAYS OR THEIR SHOULDER ARE TO BE LEFT OPEN DURING NIGHTTIME HOURS WITHOUT EXPRESS PERMISSION OF THE CITY.
 4. IT SHALL BE THE RESPONSIBILITY OF THE GENERAL CONTRACTOR FOR ANY NECESSARY CONSTRUCTION PAVEMENT MARKING AND SIGNAGE OR ANY PEDESTRIAN SIGNALIZATION AND/OR SIGNAL MODIFICATION TO ACCOMMODATE AN ALTERNATE SAFE WALK ROUTE.

VI. WATER DISTRIBUTION SYSTEM

- A. CITY STANDARDS AND SPECIFICATIONS SHALL GOVERN & SUPERCEDE ALL OTHER REQUIREMENTS FOR WATERMAIN CONSTRUCTION.
- B. SEPARATION OF WATER AND SEWER MAINS
1. SANITARY SEWERS, STORM SEWERS, AND FORCE MAINS SHOULD CROSS UNDER WATER MAINS WHENEVER POSSIBLE. SANITARY SEWERS, STORM SEWERS, AND FORCE MAINS CROSSING WATER MAINS SHALL BE LAID TO PROVIDE A MINIMUM VERTICAL DISTANCE OF 18 INCHES BETWEEN THE INVERT OF THE WATER MAIN AND THE INVERT OF THE LOWER PIPE WHENEVER POSSIBLE.
 2. WHERE SANITARY SEWERS, STORM SEWERS, OR FORCE MAINS MUST CROSS A WATER MAIN WITH LESS THAN 18 INCHES VERTICAL DISTANCE, BOTH THE SEWER AND THE WATER MAIN SHALL BE CONSTRUCTED OF DUCTILE IRON PIPE (DIP) AT THE CROSSING. SUFFICIENT LENGTHS OF DIP MUST BE USED TO PROVIDE A MINIMUM SEPARATION OF 10 FEET BETWEEN ANY TWO JOINTS. ALL JOINTS ON THE WATER MAIN WITHIN 20 FEET OF THE CROSSING MUST BE MECHANICALLY RESTRAINED. A MINIMUM VERTICAL CLEARANCE OF 6 INCHES MUST BE MAINTAINED AT ALL CROSSINGS.
 3. ALL CROSSING SHALL BE ARRANGED SO THAT THE SEWER PIPE JOINTS AND THE WATER MAIN PIPE JOINTS ARE EQUIDISTANT FROM THE POINT OF CROSSING (PIPES CENTERED ON THE CROSSING).
 4. WHERE A NEW PIPE CONFLICTS WITH AN EXISTING PIPE WITH LESS THAN 18 INCHES VERTICAL CLEARANCE, THE NEW PIPE SHALL BE CONSTRUCTED OF DIP, AND THE CROSSING SHALL BE ARRANGED TO MEET THE REQUIREMENTS ABOVE.
 5. A MINIMUM 10-FOOT HORIZONTAL SEPARATION SHALL BE MAINTAINED BETWEEN ANY TYPE OF SEWER AND WATER MAIN IN PARALLEL INSTALLATIONS WHENEVER POSSIBLE.
 6. IN CASES WHERE IT IS NOT POSSIBLE TO MAINTAIN A 10-FOOT HORIZONTAL SEPARATION, THE WATER MAIN MUST BE LAID IN A SEPARATE TRENCH OR ON AN UNDISTURBED EARTH SHELF LOCATED ON ONE SIDE OF THE SEWER OR FORCE MAIN AT SUCH AN ELEVATION THAT THE BOTTOM OF THE WATER IS AT LEAST 18 INCHES ABOVE THE TOP OF THE SEWER.
 7. WHERE IT IS NOT POSSIBLE TO MAINTAIN A VERTICAL DISTANCE OF 18 INCHES IN PARALLEL INSTALLATIONS, THE WATER MAIN SHALL BE CONSTRUCTED OF DIP AND THE SANITARY SEWER OR FORCE MAIN SHALL BE CONSTRUCTED OF DIP WITH A MINIMUM VERTICAL DISTANCE OF 8 INCHES. THE WATER MAIN SHOULD ALWAYS BE ABOVE THE SEWER. JOINTS ON THE WATER MAIN SHALL BE LOCATED AS FAR APART AS POSSIBLE FROM JOINTS ON THE SEWER OR FORCE MAIN (STAGGERED JOINTS).
 8. CONTRACTOR SHALL MAINTAIN WATER SERVICE TO ALL EXISTING FACILITIES DURING CONSTRUCTION.

- ANSIAWWA C104/21-4.03. SEE CITY AND BROWARD COUNTY STANDARDS & SPECIFICATIONS FOR FURTHER D.I.P. REQUIREMENTS.
 2. FITTINGS SHALL BE COMPACT OCTILITE IRON MECHANICAL JOINT TYPE AND SHALL BE CLASS 350 THROUGH 24" CONFORMING TO ANSIAWWA C1-533/21-53-00 SPECIFICATIONS. FITTINGS MUST BE CEMENTED AND SEAL COATED PER ANSIAWWA C104/21-4.03.
 3. VALVES SHALL BE GATE VALVES, IRON BODY, FULLY RESILIENT SEAT BRONZED MOUNTED NON-RISING STEM, RATED AT 150 PSI AND CONFORMING TO ANSIAWWA C509-01 OR LATEST REVISION, AND SHALL HAVE MECHANICAL JOINTS.
 - a. GATE VALVES 4" AND LARGER SHALL BE MUELLER A-2370-20, RESILIENT SEATED GATE VALVES SHALL BE AMERICAN AFR2500 LINE OR CLOW F-6100, CONFORMING TO ANSIAWWA C500-02. SEE BROWARD COUNTY, AND CITY CONSTRUCTION STANDARDS & SPECIFICATIONS FOR ADDITIONAL REQUIREMENTS.
 - b. TAPPING VALVES SHALL BE MUELLER H815 OR APPROVED EQUAL.
 - c. GATE VALVES 3" OR LESS SHALL BE NIBCO T-133 OR T-136 WITH MALLEABLE HAND WHEELS, NO SUBSTITUTIONS ALLOWED.
 4. TAPPING SLEEVES SHALL BE MUELLER H815, CLOW F-2505 OR APPROVED EQUAL. SEE BROWARD COUNTY, AND CITY CONSTRUCTION STANDARDS & SPECIFICATIONS FOR ADDITIONAL REQUIREMENTS.
 5. VALVE BOXES SHALL BE US FOUNDRY SERIES 7500 OR APPROVED EQUAL.
 6. RETAINER GLANDS SHALL CONFORM TO ANSIAWWA C111/21-11-00 OR LATEST REVISION. ALL GLANDS SHALL BE MANUFACTURED FROM OCTILITE IRON AS LISTED BY UNDERWRITERS LABORATORIES FOR 250 PSI MINIMUM WATER PRESSURE RATING. CLOW CORPORATION MODEL F-1058, STANDARD FIRE PROTECTION EQUIPMENT COMPANY OR APPROVED EQUAL.
 7. DRESSER COUPLINGS SHALL BE REGULAR BLACK COUPLINGS WITH PLAIN GASKETS FOR GALVANIZED STEEL PIPE. THEY SHALL BE DRESSER STYLE 90. NO SUBSTITUTIONS ALLOWED.
 8. FIRE HYDRANTS SHALL BE MUELLER CENTURION TRAFFIC TYPE A-423 WITH 5 1/4" INTERNAL VALVE OPENING OR APPROVED EQUAL. MAIN VALVE OPENING TO BE DETERMINED BY THE WATER DEPARTMENT. PUMPER C-2230 SHALL BE BRONZE FINISHED GRAYS. ALL HYDRANTS TO BE INSTALLED WITH CONTROL VALVE. RETAINER GLANDS ARE PREFERRED FOR RESTRAINING. FIRE HYDRANT SHALL COMPLY WITH ANSIAWWA C502-05. SEE BROWARD COUNTY AND CITY CONSTRUCTION STANDARDS & SPECIFICATIONS FOR ADDITIONAL REQUIREMENTS.
- ICE CONNECTION:
1. SERVICE SADDLES SHALL BE STAINLESS STEEL STRAPS, SADDLES SHALL BE DOUBLE STRAP TYPE. ALL SERVICE SADDLES SHALL CONFORM TO ANSIAWWA C111/21-11-00 AND ASTM A-588.
 2. SERVICE LINES SHALL BE POLYETHYLENE (3408), 250 PSI RATED, SDR9. PIPE JOINTS SHALL BE OF THE COMPRESSION TYPE TOTALLY CONFINED GRIP SEAL AND COUPLING NUT.
 3. CORROSION STOPS SHALL BE MANUFACTURED OF BRASS ALLOY IN ACCORDANCE WITH ASTM B-62 WITH THREADED ENDS, AS MANUFACTURED BY MUELLER B-2500B OR APPROVED EQUAL.
 4. CURB STOPS SHALL BE MUELLER H10203 OR APPROVED EQUAL.
 5. METER STOPS SHALL BE LOCKWING TYPE AND SHALL BE OF BRONZE CONSTRUCTION IN ACCORDANCE WITH ASTM B-62. METER STOPS SHALL BE CLOSED BOTTOM DESIGN AND RESILIENT "O" RING SEAL AGAINST EXTERNAL LEAKAGE AT THE TOP. STOPS SHALL BE EQUIPPED WITH A METER COUPLING NUT ON THE OUTLET SIDES, AS MANUFACTURED BY MUELLER OR APPROVED EQUAL.

ALLATION:

1. ALL DIP PVC PIPE SHALL BE INSTALLED IN ACCORDANCE WITH THE UNI-BELL PLASTIC PIPE ASSOCIATIONS' GUIDE FOR INSTALLATION OF PVC PRESSURE PIPE FOR MUNICIPAL WATER DISTRIBUTION SYSTEM. SEE BROWARD COUNTY AND CITY CONSTRUCTION STANDARDS & SPECIFICATIONS FOR ADDITIONAL REQUIREMENTS.
 2. ALL DIP SHALL BE INSTALLED IN ACCORDANCE WITH ANSI/AWWA C600-05 OR LATEST REVISION.
 3. ALL WATER MAINS SHALL BE LAID WITH A MINIMUM 36" COVER FOR DIP AND 30" FOR DIP.
 4. NO CONNECTIONS TO EXISTING LINES SHALL BE MADE UNTIL PRESSURE TESTS & BACTERIOLOGICAL TESTS HAVE BEEN PERFORMED AND THE SYSTEM IS ACCEPTABLE TO THE CITY OR BROWARD COUNTY BEACH AND PUBLIC HEALTH UNIT.
 5. PIPE DEFLECTION SHALL NOT EXCEED 75% OF THE MAXIMUM DEFLECTION RECOMMENDED BY THE MANUFACTURER.
 6. A CONTINUOUS AND UNIFORM BEDDING SHALL BE PROVIDED. BACKFILL MATERIAL SHALL BE TAMPED IN LAYERS AROUND THE PIPE AS SHOWN ON THE PLANS. STONES FOUND IN THE TRENCH SHALL BE REMOVED FOR A DEPTH OF AT LEAST 6" BELOW THE BOTTOM OF THE PIPE.
 7. ALL VALVES SHALL BE INSTALLED WITH ADJUSTABLE CAST IRON VALVE BOXES WITH THE WORD "WATER" CAST IN THE COVER. U.S.F. OR APPROVED EQUAL.
 8. ALL WATER MAIN INSTALLATIONS SHALL COMPLY WITH THE COLOR CODING REQUIREMENTS OF CHAPTER 62-555.320, FAC.
- TESTING:
1. FOR TESTING REQUIREMENTS SEE CITY AND BROWARD COUNTY CONSTRUCTION STANDARDS & SPECIFICATIONS.
 2. BEFORE ANY PHYSICAL CONNECTIONS TO THE EXISTING WATER MAINS ARE MADE, THE COMPLETE WATER SYSTEM SHALL BE PRESSURE TESTED AND DISINFECTED. HYDROSTATIC TESTING OF NEW MAINS SHALL BE PERFORMED AT A MINIMUM STARTING PRESSURE OF 150 PSI FOR TWO HOURS IN ACCORDANCE WITH ANSI/AWWA C600-05 OR LATEST REVISION, THE PRESSURE TEST SHALL NOT VARY MORE THAN 5 PSI DURING THE TEST.
 3. THE PRESSURE TEST SHALL BE WITNESSED BY A REPRESENTATIVE OF THE CITY OR BROWARD COUNTY AND THE ENGINEER OF RECORD.
 4. BEFORE ACCEPTANCE FOR OPERATION, THE WATER SYSTEM SHALL BE DISINFECTED IN ACCORDANCE WITH THE ANSI/AWWA C601-05, 150 PSI MINIMUM STARTING PRESSURE TEST. METER RECONNECTIONS MAY BE MADE TO NEW LINES FOR TWO CONSECUTIVE DAYS OF BACTERIOLOGICAL SAMPLES HAVE PASSED, AND COPIES OF RESULTS HAVE BEEN RECEIVED BY THE ENGINEER, CITY, AND HRS.
 5. SAMPLING POINTS SHALL BE PROVIDED AT THE LOCATIONS SHOWN ON THE PLANS, IF NOT SPECIFIED, SAMPLING POINTS SHALL BE PROVIDED AT INTERVALS OF 1,200' MAXIMUM FOR LINES GREATER THAN 1,200' IN LENGTH.
 6. THE ALLOWABLE LEAKAGE SHALL BE LESS THAN THE NUMBER OF GALLONS PER HOUR AS DETERMINED BY THE FORMULA:

$$L = \frac{SDP 0.5}{148000}$$

IN WHICH L EQUALS THE ALLOWABLE LEAKAGE IN GALLONS PER HOUR, S EQUALS LENGTH OF PIPE (LINEAR FEET), D EQUALS NOMINAL DIAMETER OF PIPE (INCHES) AND P EQUALS THE MINIMUM TEST PRESSURE (POUNDS PER SQUARE INCH).

VIII. STORM DRAINAGE

- A. GENERAL:
1. DISTANCES AND LENGTHS SHOWN ON PLANS ARE REFERENCED TO THE CENTER OF STRUCTURES.
- B. MATERIALS:
1. REINFORCED CONCRETE PIPE (R.C.P.) SHALL MEET THE REQUIREMENTS OF ASTM C-76, LATEST REVISION. RUBBER GASKETS OR OTHER MANUFACTURER SUPPLIED JOINT SEALER SHALL BE USED. FOR ADDITIONAL REQUIREMENTS SEE BROWARD COUNTY'S AND THE CITY'S STANDARDS AND SPECIFICATIONS.
 2. ALL DRAINAGE CATCH BASINS AND STRUCTURES SHALL BE PRECAST CONCRETE AS MANUFACTURED BY U.S. PRECAST CORPORATION, UNLESS OTHERWISE NOTED ON THE PLANS. THE MINIMUM WALL AND SLAB THICKNESS SHALL BE 8 INCHES AND THE MINIMUM REINFORCING SHALL BE AS INDICATED ON THE STRUCTURE DETAIL. CONCRETE SHALL BE MINIMUM OF 4000PSI AT 28 DAYS.
- C. INSTALLATION:
1. PIPE SHALL BE PLACED ON A MINIMUM OF 6" STABLE GRANULAR MATERIAL FREE OF ROCK FORMATION AND OTHER FOREIGN FORMATIONS, AND CONSTRUCTED TO A UNIFORM GRADE AND LINE.
 2. BACKFILL MATERIAL SHALL BE WELL GRADED GRANULAR MATERIAL, WELL TAMPED IN LAYERS NOT TO EXCEED 6 INCHES TO A HEIGHT OF 12 INCHES ABOVE PIPE AS SHOWN ON THE PLANS.
 3. PROVIDE A MINIMUM PROTECTIVE COVER OF 18 INCHES OVER STORM SEWER AND AVOID UNNECESSARY CROSSING BY HEAVY CONSTRUCTION VEHICLES DURING CONSTRUCTION.
 4. THE CONTRACTOR SHALL NOTIFY THE CITY'S ENGINEERING DEPARTMENT AT LEAST 7 DAYS PRIOR TO THE START OF THE CONSTRUCTION AND INSPECTION.

IX. PAVING

- A. GENERAL:
1. BROWARD COUNTY AND THE CITY'S CONSTRUCTION STANDARDS & SPECIFICATIONS SHALL GOVERN.
 2. ALL MUCK AND YIELDING MATERIAL WITHIN THE LIMIT OF CONSTRUCTION SHALL BE REMOVED AND REPLACED WITH CLEAN FILL MATERIAL, WHICH SHALL BE COMPACTED AND SHAPED TO CONFORM TO THE REQUIRED SECTION. COMPACTED AREAS, AS SHOWN ON THE PLANS AND OR AS DETERMINED BY THE ENGINEER, SHALL BE COMPACTED TO NOT LESS THAN 98% OF MAXIMUM DENSITY AT OPTIMUM MOISTURE, AS DETERMINED BY AASHTO T-180, LATEST REVISION. AREAS TO BE STABILIZED, AS

5. WHERE ANY PROPOSED PAVEMENT IS TO BE CONNECTED TO EXISTING PAVEMENT, THE EXISTING EDGE OF PAVEMENT SHALL BE SAW CUT.
- B. MATERIALS:
1. BASE COURSE SHALL BE CRUSHED LIMEROCK WITH A MINIMUM OF 70% CARBONATES OF CALCIUM AND MAGNESIUM.
 2. ASPHALT SURFACES SHALL BE TYPE S-III ASPHALTIC CONCRETE, UNLESS OTHERWISE SPECIFIED ON THE PLANS, AND SHALL BE A MINIMUM OF 1-1/2" THICK.
 3. MINIMUM SIDEWALK CONSTRUCTION SHALL BE 4 INCH THICK CONCRETE, MINIMUM 3000PSI COMPRESSIVE STRENGTH AT 28 DAYS. SAWCUT CONSTRUCTION JOINTS 5 FOOT O.C. WITHIN 48 HOURS OF PLACING. EXPANSION JOINTS SHALL BE 20 FOOT O.C. SEE BROWARD COUNTY'S AND THE CITY'S SECTION ON CONSTRUCTION STANDARDS & SPECIFICATIONS FOR FURTHER REQUIREMENTS.
 4. CURBS AND GUTTERS: CONCRETE 3000PSI COMPRESSIVE STRENGTH AT 28 DAYS, SAWCUT CONSTRUCTION JOINTS 10 FOOT O.C. WITHIN 48 HOURS OF PLACING.
 5. REINFORCED CONCRETE SLABS SHALL BE CONSTRUCTED OF CLASS I CONCRETE WITH A MINIMUM STRENGTH OF 3,000 PSI AND SHALL BE REINFORCED WITH A 6" X 6" NO. 6 GAUGE WIRE MESH.
- C. INSTALLATION:
1. SUBGRADE FOR PAVEMENT AREAS SHALL BE COMPACTED TO A MINIMUM OF 96% OF THE MAXIMUM DENSITY (AASHTO T-99(C)) AND SHALL HAVE A MINIMUM LBR 40.
 2. BASE COURSE MATERIAL FOR PAVED AREAS SHALL BE A MINIMUM THICKNESS OF 8" AND SHALL BE CONSTRUCTED IN TWO FOUR-INCH LIFTS.
 3. BASE COURSE MATERIAL FOR CURBS AND GUTTERS SHALL BE A MINIMUM THICKNESS OF 6 INCH.
 4. BASE COURSE SHALL BE COMPACTED TO 96% OF THE MAXIMUM DENSITY AS PER AASHTO T-180 AND SHALL HAVE A MINIMUM LBR OF 100.
 5. INSTALLATION OF THE WEARING SURFACE SHALL CONFORM WITH THE REQUIREMENTS OF THE D.O.T. STANDARD SPECIFICATIONS FOR TYPE S-III ASPHALTIC CONCRETE.
- D. TESTING:
1. THE FINISHED SURFACE OF THE BASE COURSE AND THAT OF THE WEARING SURFACE SHALL NOT VARY MORE THAN 1/4" FROM THE TEMPLATE. ANY IRREGULARITIES EXCEEDING THIS LIMIT SHALL BE CORRECTED.
 2. DENSITY TESTS SHALL BE TAKEN BY AN INDEPENDENT TESTING LABORATORY CERTIFIED BY THE STATE OF FLORIDA, WHERE DIRECTED BY THE ENGINEER.
 3. ALL TESTING COSTS (PAVING) SHALL BE PAID FOR BY THE CONTRACTOR.
 4. DENSITY TESTS ON THE STABILIZED SUBGRADE SHALL BE SUPPLIED TO THE ENGINEER OF RECORD AND APPROVED BEFORE ANY LIMEROCK BASE IS CONSTRUCTED.
 5. DENSITY TESTS AND AS-BUILTS ON THE FINISHED LIMEROCK BASE SHALL BE SUPPLIED TO THE ENGINEER OF RECORD, AND APPROVED BEFORE ANY ASPHALT PAVEMENT IS CONSTRUCTED.

X. DEWATERING

1. WHERE DEWATERING IS REQUIRED, THE CONTRACTOR IS RESPONSIBLE FOR DEWATERING IN SUCH A MANNER SO AS TO COMPLY WITH ANY AND ALL CITY, COUNTY, STATE AND FEDERAL DEWATERING REGULATIONS. CONTRACTOR MAY CONTACT THE BROWARD COUNTY DEPARTMENT OF PLANNING AND ENVIRONMENTAL PROTECTION AND THE FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION FOR FURTHER INFORMATION.

XI. PAVEMENT MARKING AND SIGNAGE

1. ALL PAVEMENT MARKINGS AND SIGNAGE SHALL BE IN ACCORDANCE WITH THE "MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES FOR STREETS AND HIGHWAYS," LATEST EDITION; AND BROWARD COUNTY TRAFFIC ENGINEERING STANDARDS (CURRENT EDITION). STANDARDS & SPECIFICATIONS FOR PAVEMENT MARKING REQUIREMENTS.

XII. PROJECT CLOSEOUT

- CLEANING UP:**
1. DURING CONSTRUCTION, THE PROJECT SITE AND ALL ADJACENT AREAS SHALL BE MAINTAINED IN A NEAT AND CLEAN MANNER, AND UPON FINAL CLEAN-UP, THE PROJECT SITE SHALL BE LEFT CLEAR OF ALL SURPLUS MATERIAL OR TRASH. THE PAVED, PAVEMENT BRICK, AND CONCRETE AREAS SHALL BE SWEEPED BROOM CLEAN.
 2. THE CONTRACTOR SHALL RESTORE OR REPLACE, WHEN AND AS DIRECTED, ANY PUBLIC OR PRIVATE PROPERTY DAMAGED BY HIS WORK, EQUIPMENT, OR EMPLOYEES, TO A CONDITION AT LEAST EQUAL TO THAT EXISTING IMMEDIATELY PRIOR TO THE BEGINNING OF OPERATIONS. TO THAT END, THE CONTRACTOR SHALL DO, AS REQUIRED, ALL NECESSARY HIGHWAY, DRIVEWAY, WALK AND LANDSCAPING WORK. SUITABLE MATERIALS AND METHODS SHALL BE USED FOR SUCH RESTORATION.
 3. WHERE MATERIAL OR DEBRIS HAS WASHED OR FLOWED INTO OR HAS BEEN PLACED IN WATER COURSES, DITCHES, DRAINS, CATCH BASINS, OR ELSEWHERE AS A RESULT OF THE CONTRACTOR'S OPERATIONS, SUCH MATERIAL OR DEBRIS SHALL BE REMOVED AND SATISFACTORILY DISPOSED OF DURING THE PROGRESS OF THE WORK, AND THE AREA KEPT IN A CLEAN AND NEAT CONDITION.
- B. ALL PROPERTY MONUMENTS OR PERMANENT REFERENCES, REMOVED OR DESTROYED BY THE CONTRACTOR DURING CONSTRUCTION SHALL BE RESTORED BY A STATE OF FLORIDA REGISTERED LAND SURVEYOR AT THE CONTRACTOR'S EXPENSE.**
- C. ALL UNPAVED SURFACES DISTURBED AS A RESULT OF CONSTRUCTION ACTIVITIES SHALL BE RESTORED TO A CONDITION EQUAL TO OR BETTER THAN THAT WHICH EXISTED BEFORE THE CONSTRUCTION.**

XIII. ENGINEER'S AS BUILT REQUIREMENTS

1. DURING THE DAILY PROGRESS OF THE JOB, THE CONTRACTOR SHALL RECORD ON THEIR SET OF CONSTRUCTION DRAWINGS THE EXACT LOCATION, LENGTH, MATERIAL AND ELEVATION OF ANY FACILITY NOT BUILT EXACTLY ACCORDING TO PLANS.
2. AS BUILTS OF WATER LINES SHALL INCLUDE THE FOLLOWING
 - a. TOP OF PIPE ELEVATIONS EVERY 100 LINEAR FEET
 - b. LOCATIONS AND ELEVATIONS OF ALL FITTINGS INCLUDING BENDS, TEES, GATE VALVES, DOUBLE DETECTOR CHECK VALVES, FIRE HYDRANTS, ETC.
 - c. ALL TEES TO EXISTING LINES SHALL, BE AS BUILT
 - d. THE TERMINATION OF ALL WATER SERVICES SHALL BE SHOWN
3. AS BUILTS OF ALL THE GRAVITY SANITARY SEWER LINES SHALL INCLUDE THE FOLLOWING INFORMATION
 - a. RIMS, INVERTS, AND LENGTH OF PIPING BETWEEN STRUCTURES, AS WELL AS PIPE SLOPES.
 - b. LOCATION OF ALL STUB ENDS OF ALL SEWER LATERALS INVERT ELEVATIONS AND LOCATION OF ALL CLEAN OUTS
 - c. LIFT STATION AS BUILTS SHALL CONSIST OF THE TOP OF WET WELL ELEVATION, INVERT ELEVATIONS OF THE INCOMING LINE, BOTTOM OF THE WET WELL AND AS BUILTS OF THE COMPOUND AREA
4. FORCE MAIN AS BUILTS SHALL BE PREPARED THE SAME AS THE WATER MAIN AS BUILTS DESCRIBED ABOVE
5. AS BUILTS OF ALL DRAINAGE LINES SHALL INCLUDE THE FOLLOWING INFORMATION
 - a. RIMS, INVERTS, AND LENGTH OF PIPING BETWEEN STRUCTURES, AND THEIR ELEVATIONS WHERE APPLICABLE
 - b. THE SIZE OF THE PIPING SHALL BE VERIFIED BY THE SURVEY FIELD CREW AT THE TIME OF AS BUILT
 - c. DRAINAGE WELL STRUCTURE AS BUILTS SHALL INCLUDE, BUT NOT BE LIMITED TO, TOP OF CASING ELEVATION, TOP AND BOTTOM ELEVATIONS OF THE BAFFLE WALLS, RIM ELEVATIONS, AND INVERTS OF PIPING
6. ALL ROCK AS BUILTS FOR PARKING LOT AREAS SHALL CONSIST OF THE FOLLOWING INFORMATION
 - a. ROCK ELEVATIONS AT ALL HIGH AND LOW POINTS, AND AT ENOUGH INTERMEDIATE POINTS TO CONFIRM SLOPE CONSISTENCY
 - b. ROCK AS BUILTS SHALL BE TAKEN AT ALL LOCATIONS WHERE THERE IS A FINISHED GRADE ELEVATION SHOWN ON THE DESIGN PLANS
 - c. ALL CATCH BASIN AND MANHOLE RIM ELEVATIONS SHALL BE SHOWN
 - d. ELEVATIONS AROUND ISLANDS SHALL ALSO BE SHOWN
 - e. WHERE CONCRETE OR PAVEMENT BRICK IS TO BE USED AS A FINISHED PRODUCT FOR THE ROADWAY OR PARKING LOT, ROCK AS BUILTS WILL BE REQUIRED AS INDICATED ABOVE, AS WELL AS BUILTS ON THE FINISHED CONCRETE OR PAVEMENT AT LOCATIONS WHERE THERE IS A FINISHED GRADE ELEVATION SHOWN ON THE DESIGN PLANS.

- CROSS SECTIONS, LAKE AND CANAL BANK CROSS SECTIONS SHALL BE PLOTTED AT A MINIMUM OF EVERY 100 LINEAR FEET UNLESS OTHERWISE SPECIFIED. AS BUILTS SHALL CONSIST OF THE LOCATION AND ELEVATION OF THE TOP OF THE MOUND, EDGE OF WATER AND THE DEEP CUT LINE, WITH THE DISTANCE FROM EACH SHOWN IN THE DRAWING.
- RETENTION AREA AS BUILT ELEVATIONS SHALL BE TAKEN AT THE BOTTOM OF THE RETENTION AREA AND AT THE TOP OF BANK, AS BUILT OF CONTOURS SHALL BE SHOWN, WHERE APPLICABLE.
- UPON COMPLETION OF THE WORK, THE CONTRACTOR SHALL PREPARE RECORD DRAWINGS, ON FULL SIZE REPRODUCIBLE MATERIAL. ONE SET OF REPRODUCIBLE RECORD DRAWINGS SHALL BE SUBMITTED TO THE ENGINEER OF RECORD, ALONG WITH EIGHT SETS OF BLUE OR BLACK LINE DRAWINGS. THE DRAWINGS SHALL BE SIGNED AND SEALED BY A FLORIDA REGISTERED LAND SURVEYOR. ADDITIONALLY, AN ELECTRONIC COPY OF THE RECORD DRAWINGS SHALL BE SUBMITTED TO THE ENGINEER IN AUTOCAD, ".DWG" OR ".DXF" FORMAT.
- IN ADDITION TO THE ABOVE THE CONTRACTOR SHALL ALSO CONFORM TO COUNTY AND/OR CITY AS-BUILT REQUIREMENTS.

XIV. FIRE DEPARTMENT REQUIREMENTS

A. ACCESS REQUIREMENTS- ADDRESS IDENTIFICATION

1. NEW AND EXISTING BUILDINGS SHALL HAVE APPROVED ADDRESS NUMBERS PLACED IN A POSITION TO BE PLAINLY LEGIBLE AND VISIBLE FROM THE STREET OR ROADWAY FRONTING THE PROPERTY. [NFPA 1:10.12.1.] THE ADDRESS SHALL BE POSTED AT THE CONSTRUCTION SITE UPON THE START OF CONSTRUCTION.
2. ADDRESS NUMBERS SHALL CONTRAST WITH THEIR BACKGROUND. NUMERALS SHALL BE NOT LESS THAN TWO INCHES IN HEIGHT FOR RESIDENTIAL BUILDINGS, STRUCTURES, OR PORTIONS THEREOF, AND AT LEAST SIX INCHES IN HEIGHT FOR ALL OTHER BUILDINGS, STRUCTURES, OR PORTIONS THEREOF. [NFPA 1:10.12.1.2]
3. WHERE ADDRESS IDENTIFICATION IS REQUIRED BY THE FIRE OFFICIAL ON OTHER ELEVATIONS OF BUILDINGS, STRUCTURES, OR PORTIONS THEREOF, SUCH NUMBERS SHALL NOT BE LESS THAN THREE INCHES IN HEIGHT FOR RESIDENTIAL AND AT LEAST SIX INCHES IN HEIGHT FOR ALL OTHER BUILDINGS, STRUCTURES, OR PORTIONS THEREOF. [NFPA 1:10.12.1.2.1]
4. ADDRESS NUMBERS SHALL BE ARABIC NUMERALS OR ALPHABET LETTERS. [NFPA 1:10.12.1.3]

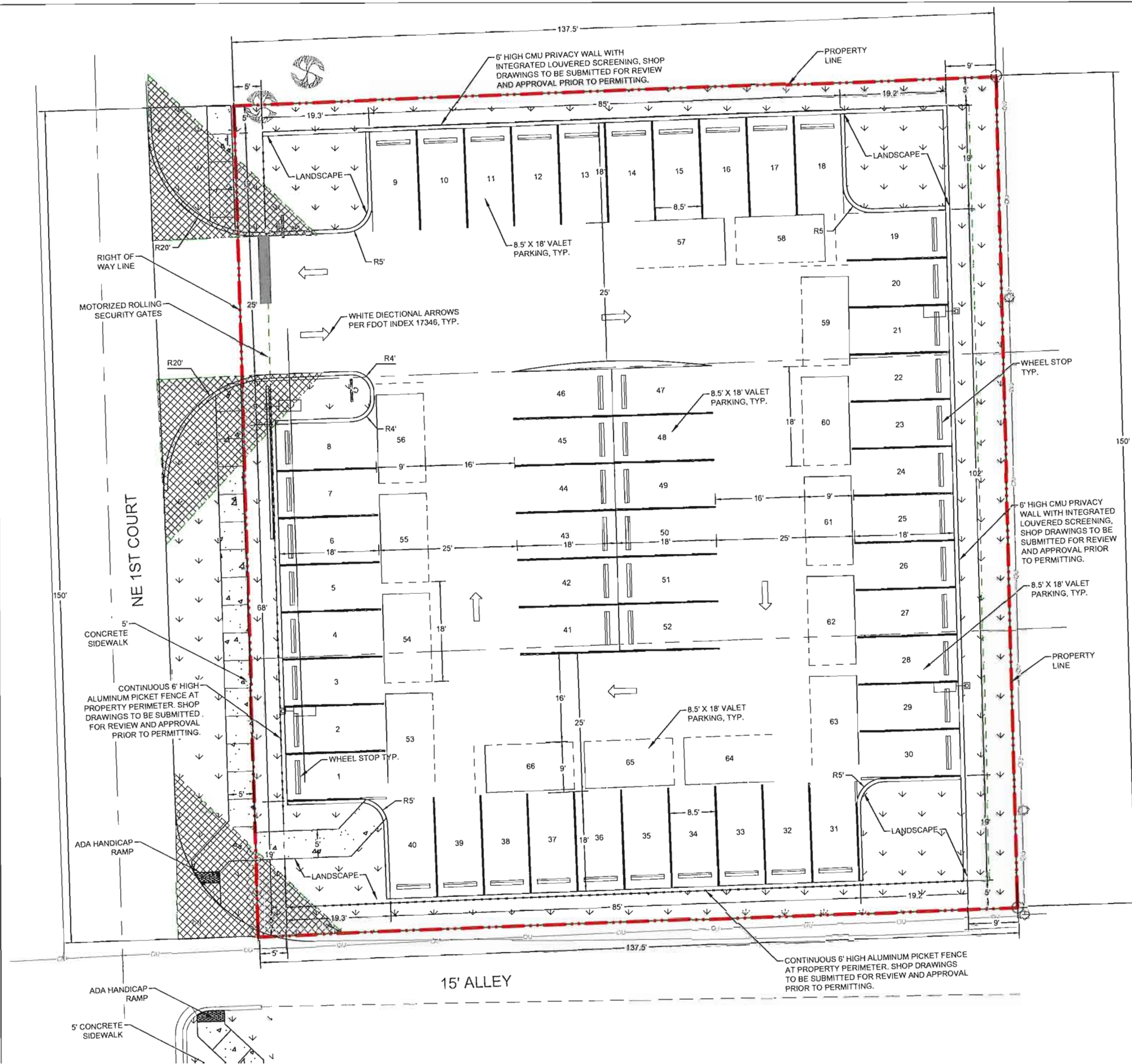
B. MINIMUM RADIO STRENGTH FOR FIRE DEPARTMENT COMMUNICATIONS

1. NFPA 1.11.10 REQUIRES MINIMUM RADIO SIGNAL STRENGTH FOR FIRE DEPARTMENT COMMUNICATIONS TO BE MAINTAINED AT A LEVEL DETERMINED BY THE AHJ (AUTHORITY HAVING JURISDICTION) FOR ALL NEW AND EXISTING BUILDINGS.
2. THE OWNER'S REPRESENTATIVE OR GENERAL CONTRACTOR (GC) SHALL CONDUCT A PRELIMINARY INITIAL ASSESSMENT TO DETERMINE IF THE MINIMUM RADIO SIGNAL STRENGTH FOR FIRE DEPARTMENT COMMUNICATION IS IN COMPLIANCE WITH BROWARD COUNTY STANDARDS.
3. PRIOR TO ANY TESTING, THE OCCUPANCY SHALL BE STRUCTURALLY COMPLETED WITH ALL INTERIOR PARTITIONS, WINDOWS AND DOORS INSTALLED.
4. AN ASSESSMENT WILL BE CONDUCTED BY THE OWNER'S REPRESENTATIVE OR GC TO DETERMINE THE MINIMUM RADIO SIGNAL STRENGTH FOR FIRE DEPARTMENT COMMUNICATION IN THE OCCUPANCY IS IN COMPLIANCE, IN ACCORDANCE WITH NFPA 1.11.10.10 AND NFPA 72.4.5.2.2.1 THROUGH 24.5.2.3.
5. RADIO COVERAGE SHALL BE PROVIDED THROUGHOUT THE BUILDING AS A PERCENTAGE OF FLOOR AREA AS SPECIFIED BELOW IN ACCORDANCE WITH NFPA 72.14.4.12.1.2 THROUGH 14.4.12.1.4 AND NFPA 24.5.2.3.
 1. A TEST "GRID" PLAN SHALL BE PRODUCED TO ENSURE TESTING THROUGHOUT THE BUILDING.
 2. SIGNAL LEVELS SHALL BE MEASURED TO ENSURE THE SYSTEM MEETS THE CRITERIA OF 24.5.2.3. ACCORDING TO PARAMETERS AS FOLLOWS:

- A. 24.5.2.3.1 INBOUND: A MINIMUM SIGNAL STRENGTH OF -95 dbm, OR OTHER SIGNAL STRENGTH AS REQUIRED BY THE AHJ, SHALL BE PROVIDED THROUGHOUT THE COVERAGE AREA.
- B. 24.5.2.3.2 OUTBOUND: A MINIMUM OUTBOUND SIGNAL STRENGTH OF -95 db AT THE DONOR SITE, OR OTHER SIGNAL STRENGTH AS REQUIRED BY THE AHJ, SHALL BE PROVIDED FOR THE COVERAGE AREA.
- C. CRITICAL AREAS, SUCH AS THE EMERGENCY COMMAND CENTER(S), THE FIRE PUMP ROOM(S), EXIT STAIRS, EXIT PASSAGeways, ELEVATOR LANDING STANDARDS, SINKS, SPRINKLER SECTIONAL VALVE LOCATION AND OTHER AREAS DEEMED CRITICAL BY THE AHJ, SHALL BE PROVIDED WITH 89 PERCENT FLOOR AREA RADIO COVERAGE.
- D. GENERAL BUILDING AREAS SHALL BE PROVIDED WITH 90 PERCENT FLOOR AREA RADIO COVERAGE.

6. ACCEPTANCE
1. IF THREE NONADJACENT ADJACENT AREAS FAIL THE TEST WITH LESS THAN -95 DECIBEL PER MILLIWATT (-95dBm), AND/OR A DAO3 OR BELOW, THE GC WILL BE REQUIRED TO PURSUE SEPARATE PLANS AND PERMIT AND INSTALL AN IPSRIS; IN-BUILDING PUBLIC SAFETY RADIO ENHANCEMENT SYSTEMS; AND/OR
2. IF THERE IS LESS THAN 90 PERCENT FLOOR AREA RADIO COVERAGE TO ALL CRITICAL AREAS, OR LESS THAN 90 PERCENT FLOOR AREA RADIO COVERAGE TO ALL GENERAL BUILDING AREAS, THE GC WILL BE REQUIRED TO PURSUE SEPARATE PLANS AND PERMIT AND INSTALL AN IPSRIS; IN-BUILDING PUBLIC SAFETY RADIO ENHANCEMENT SYSTEMS.

[illegible]



OFFSITE PARKING LEGAL DESCRIPTION

PARKING SPACES PROVIDED	
DESCRIPTION	PROVIDED
8.5' X 18' TYPICAL SPACE	52
9' X 18' PARALLEL STACKING	14
TOTAL PARKING PROVIDED	66

IMPERVIOUS CALCULATIONS		
PARKING LOT AREA (SQ FT)	PERCENT OF SITE	AREA SITE (SQ FT)
16197	78.50%	20624

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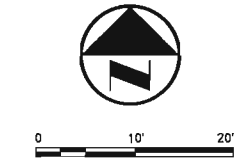
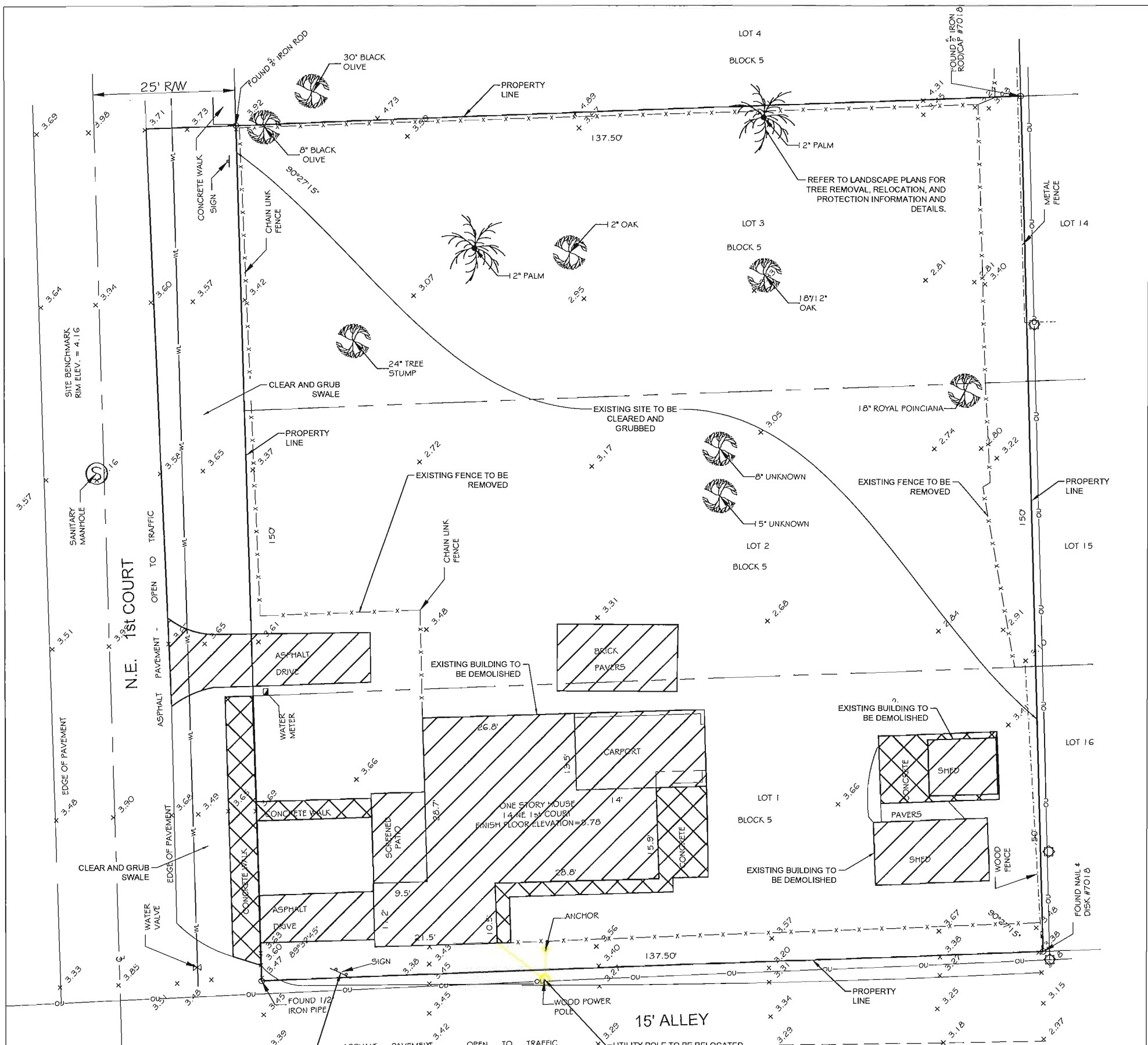
FLORIDA LICENSED ENGINEERING, SURVEYING & MAPPING BUSINESS NO. 271
FLORIDA LICENSED LANDSCAPE ARCHITECTURE BUSINESS NO. 0000114

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TRU BY HILTON
DANIA BEACH

Chad Everett Edwards
Florida P.E. No. 59306
July 12, 2019

PROJECT NO.



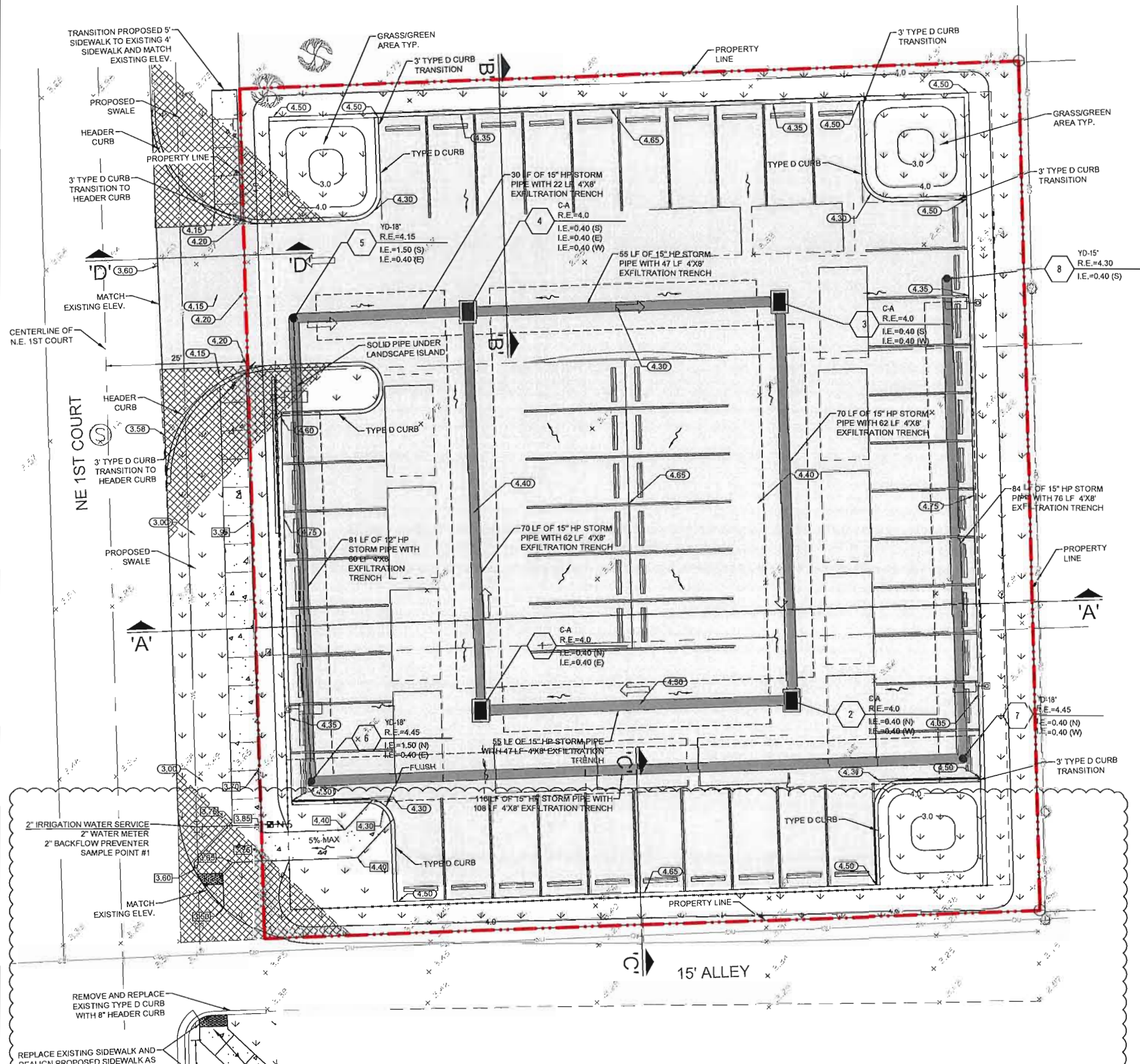
- LEGEND:**
- [Hatched Box] REMOVE EXISTING BUILDING, CONCRETE, ASPHALT, ETC. AS NECESSARY TO CONSTRUCT IMPROVEMENTS SHOWN ON ARCHITECTURAL PLANS
 - [Cross-hatched Box] REMOVE EXISTING SIDEWALK
 - [Dashed Line] DRAINAGE PIPE TO BE REMOVED

- NOTES:**
- ALL EXISTING ITEMS NOT SPECIFICALLY CALLED OUT TO BE REMOVED SHALL REMAIN.
 - ANY ITEMS TO REMAIN THAT ARE DAMAGED BY THE CONTRACTOR SHALL BE REPLACED TO THE EXISTING CONDITION OR BETTER AT THE CONTRACTOR'S EXPENSE.
 - REFER TO LANDSCAPE PLANS FOR TREE REMOVAL, RELOCATION AND PROTECTION INFORMATION AND DETAILS.
 - WATER AND SEWER WITHIN THE RIGHT OF WAYS TO REMAIN OPERATIONAL DURING CONSTRUCTION, CONTRACTOR IS RESPONSIBLE FOR REPLACING ANY UTILITIES DAMAGED DURING CONSTRUCTION.

DATE:	7/12/2019
SCALE:	AS SHOWN
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DRAWN BY:	S.C.
CHECKED BY:	CEE
APPROVED BY:	CEE

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TRU BY HILTON DANIA BEACH PREPARED FOR: DANIA AIRPORT HOTELS, LLC OFF-SITE PARKING DEMOLITION PLAN
--



PROPOSED DRAINAGE LEGEND:

1	DRAINAGE STRUCTURE NUMBER	—	DRAINAGE FLOW DIRECTION
CB-6"	DRAINAGE STRUCTURE TYPE	0.00	PROPOSED PAVEMENT ELEVATION
R.E.=	RIM ELEVATION	0.00	PROPOSED CONCRETE ELEVATION
G.E.=	GRATE ELEVATION		PROPOSED PAVEMENT
I.E.=	INVERT ELEVATION		MILL AND OVERLAY
	PROPOSED DRAINAGE MANHOLE		CONCRETE PAVEMENT
	PROPOSED DRAINAGE CATCH BASIN		GRASS/GREEN AREA
	PROPOSED DRAINAGE WELL		
	PROPOSED STORM SEWER		
	PROPOSED EXFILTRATION TRENCH		
	PROPOSED DRAINAGE CLEAN OUT (SEE ARCHITECTURAL PLANS)		

NOTES:

- LOCATIONS OF ALL EXISTING UTILITIES ARE APPROXIMATE AND SHOULD BE FIELD VERIFIED PRIOR TO CONSTRUCTION.
- CONTRACTOR TO ADJUST ALL EXISTING RIM/GRATES OF EXISTING UTILITY APPURTENANCES TO REMAIN TO MATCH PROPOSED GRADES.
- ALL PIPE LENGTHS ARE MEASURED FROM CENTER OF STRUCTURE.
- THE CROSS SLOPE ON A.D.A. ACCESSIBLE ROUTES SHALL NOT EXCEED 2.0%. THE LONGITUDINAL SLOPE ON A.D.A. ACCESSIBLE ROUTES (NOT INCLUDING RAMPS) SHALL NOT EXCEED 5.0%. THE LONGITUDINAL SLOPE FOR RAMPS SHALL NOT EXCEED 12:1 (8.33%).
- CONTRACTOR SHALL PROVIDE ALL FITTINGS, COUPLINGS, AN/OR ADAPTERS NECESSARY TO CONNECT TO THE BUILDING PLUMBING AND TO CONNECT ROOF LEADERS TO THE MAIN STORM LINES.
- VERTICAL INFORMATION HEREON IS RELATIVE TO THE NORTH AMERICAN VERTICAL DATUM (NAVD88).
- CONTRACTOR SHALL REPLACE ALL PAVEMENT MARKING DUE TO CONSTRUCTION OPERATIONS AND MILLING & RESURFACING.
- ANY ROAD CUTS FOR UTILITIES, CURB CUTS AND / OR OTHERS WITH THE CITY R.O.W. SHALL BE RESTORED TO FULL LANE WIDTH FOR 50' MINIMUM LENGTH CENTERED IN PROPOSED CUT.

STORM EVENT	PRE DEVELOPMENT (NAVD)	POST DEVELOPMENT (NAVD)
10 YR. - 1 DAY	4.67	4.66
25 YR. - 3 DAY	6.06	5.18
100 YR. - 3 DAY	6.64	5.39

7/12/2019

DATE

AS SHOWN

SCALE

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07/12/19

DATE

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07/12/19

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FLORIDA LICENSED ENGINEERING, SURVEYING & MAPPING BUSINESS No. 271

FLORIDA LICENSED LANDSCAPE ARCHITECTURE BUSINESS No. C000114

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TRUBY HILTON

DANIA BEACH

PREPARED FOR:

DANIA AIRPORT HOTELS, LLC

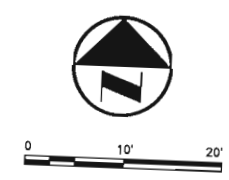
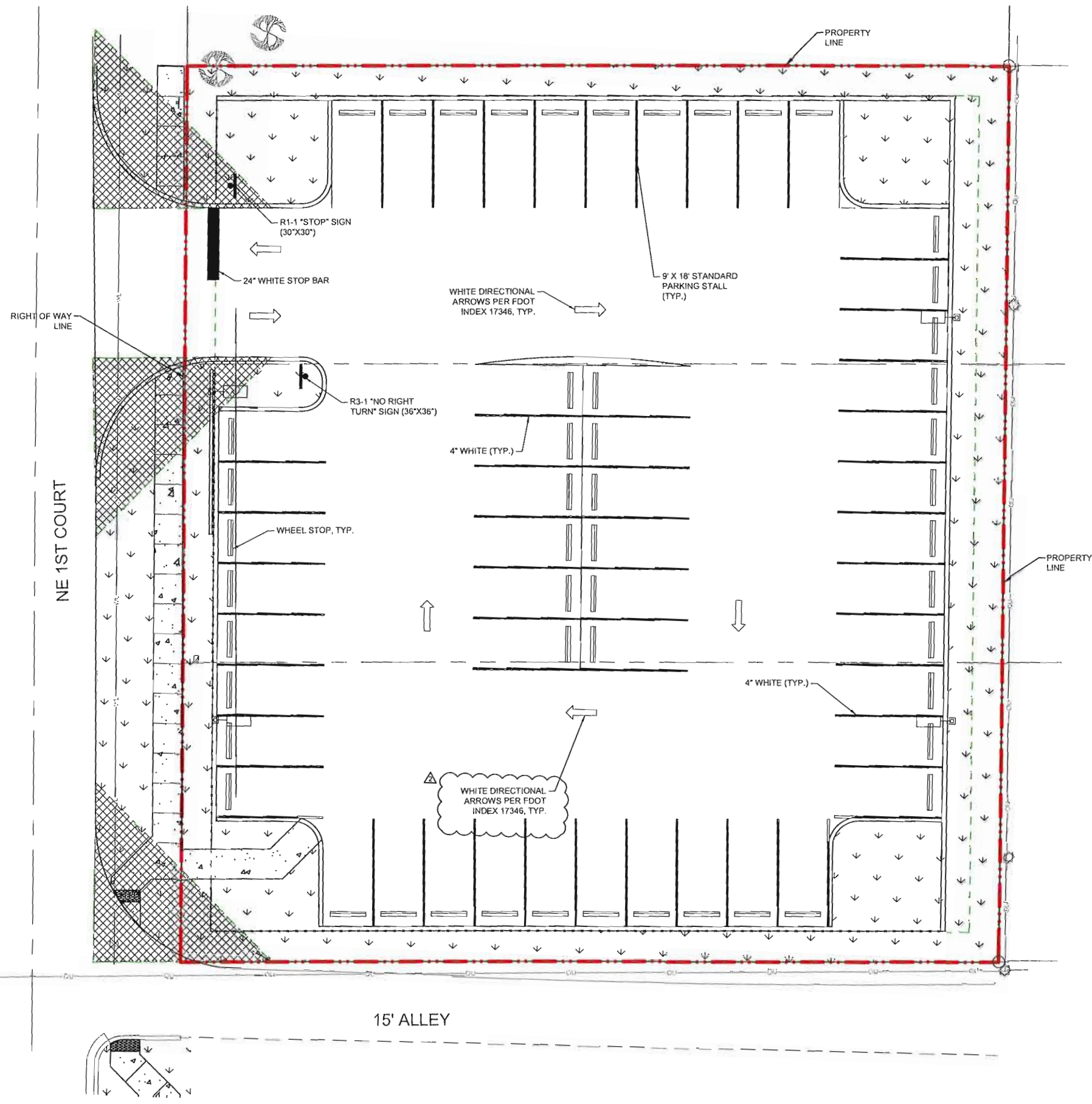
OFF-SITE ENGINEERING PLAN

Chad Everett Edwards

Florida P.E. No. 59306

July 12, 2019

PROJECT NO.



NOTES:

1. ALL SIGNS TO BE REMOVED UNLESS OTHERWISE NOTED.
2. ALL EXISTING PAVEMENT MARKINGS AND SIGNING DISTURBED DUE TO PROPOSED CONSTRUCTION ACTIVITIES SHALL BE REPLACED.
3. ALL PAVEMENT MARKINGS AND SIGNAGE SHALL BE IN ACCORDANCE WITH THE "MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES FOR STREETS AND HIGHWAYS", LATEST EDITION, AND BROWARD COUNTY TRAFFIC ENGINEERING DIVISION STANDARDS (LATEST EDITION.)
4. ALL PAVEMENT MARKING REFLECTIVITY SHALL BE 250 MILLICANDELLAS FOR WHITE AND 175 MILLICANDELLAS FOR YELLOW.
5. FDOT APPROVED SEALER SHALL BE USED WHEN APPLYING MARKINGS ON CONCRETE.
6. ALL STOP SIGNS SHALL BE 30"X30" OIAMOND GRADE VIP REFLECTIVE MATERIAL.
7. RAISED PAVEMENT MARKERS (RPM'S) SHALL BE CLASS "B" OR EQUAL, APPLIED WITH EPOXY OR BITUMINOUS ADHESIVE.
8. EXISTING MARKINGS SHALL BE REMOVED BY WATER BLASTING OR SANDBLASTING ONLY.
9. ALL STOP BARS TO BE 4' BEHIND CROSSWALK OR SIDEWALK.
10. ALL EXISTING SIGNAL LOOPS AND OTHER APPURTENANCES DISTURBED DURING CONSTRUCTION SHALL BE REPLACED BY THE CONTRACTOR AND COORDINATED WITH B.C.H.C.E.D.
11. ALL PARKING STALLS SHALL BE PAINTED WITH 4" WIDE WHITE PAINT LINE.

TRU BY HILTON
DANIA BEACH

PREPARED FOR:
DANIA AIRPORT HOTELS, LLC

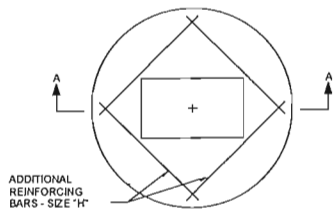
OFF-SITE PAVEMENT MARKING AND SIGNAGE PLAN

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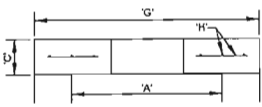


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BY:	
DATE:	
DESCRIPTION:	
1	CONSTRUCTION SET
2	PER BUILDING COMMENTS
3	PER OWNER REVISIONS
4	SITE PLAN ORIENTATION



PLAN



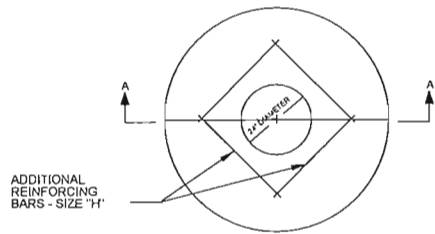
SECTION A-A

"A"	"C"	"G"	"H"
4'-0" /	8"	5'-4" /	# 4 @ 5" C.C.E.W.
5'-0" /	8"	6'-4" /	# 5 @ 5" C.C.E.W.
6'-0" /	10"	7'-4" /	# 5 @ 5" C.C.E.W.
7'-0" /	10"	8'-4" /	# 5 @ 5" C.C.E.W.
8'-0" /	10"	9'-8" /	# 5 @ 5" C.C.E.W.

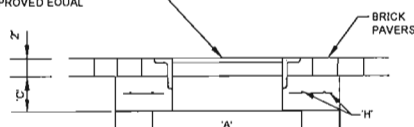
KEYNOTE: KEY CUT (AT BOTTOM OF TOP SLAB) IS REQUIRED WITH PRECAST TOPS ONLY.

PRECAST CONCRETE-TOP SLAB

SCALE: NONE CATCH BASIN



PLAN



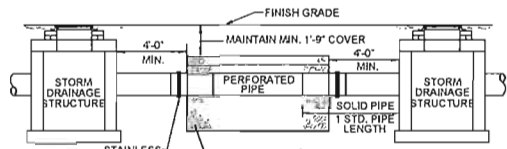
SECTION A-A

"A"	"C"	"G"	"H"
4'-0" /	6"	5'-4" /	# 4 @ 5" C.C.E.W.

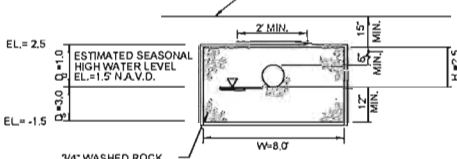
KEYNOTE: KEY CUT (AT BOTTOM OF TOP SLAB) IS REQUIRED WITH PRECAST TOPS ONLY.

PRECAST CONCRETE-TOP SLAB

SCALE: NONE MANHOLE



ELEVATION

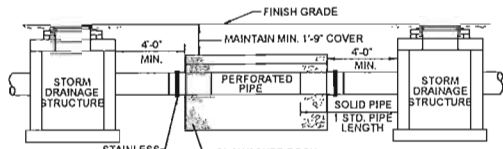


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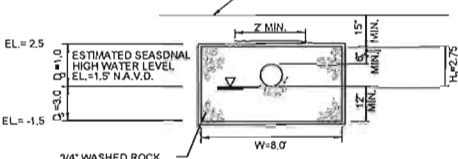
- NOTES:
- PIPES SHALL CONNECT TO ADDITIONAL CATCH BASINS AS REQUIRED.
 - BALLAST ROCK SHALL BE FROM FRESH WATER WASHED FREE OF DELETERIOUS MATTER.
 - TRENCH TO BE LINED WITH AMOCO PROPEX 4545 OR APPROVED EQUIVALENT TYPE FILTER FABRIC. OVERLAP TRENCH LINING MATERIAL A MINIMUM OF 2' AT TOP OF TRENCH. CLOSE ENDS AND STRAP AROUND PIPE.
 - BIO-BARRIER SHALL BE INSTALLED ADJACENT TO EXFILTRATION TRENCH WHEN EXISTING OR PROPOSED TREES ARE LOCATED WITHIN 10' OF CENTERLINE OF PIPE. INSTALLATION OF BIO-BARRIER SHALL BE IN ACCORDANCE WITH BIO-BARRIER DETAIL (SEE LANDSCAPE DRAWING DETAILS).

EXFILTRATION TRENCH DETAIL

SCALE: N.T.S.



ELEVATION

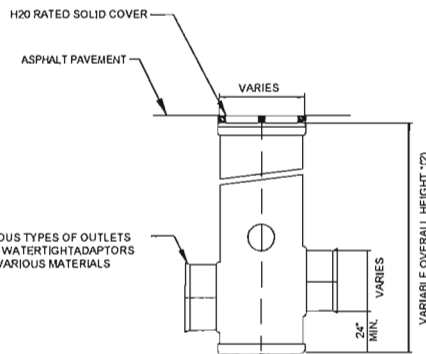


SECTION

- NOTES:
- PIPES SHALL CONNECT TO ADDITIONAL CATCH BASINS AS REQUIRED.
 - BALLAST ROCK SHALL BE FROM FRESH WATER WASHED FREE OF DELETERIOUS MATTER.
 - TRENCH TO BE LINED WITH AMOCO PROPEX 4545 OR APPROVED EQUIVALENT TYPE FILTER FABRIC. OVERLAP TRENCH LINING MATERIAL A MINIMUM OF 2' AT TOP OF TRENCH. CLOSE ENDS AND STRAP AROUND PIPE.
 - BIO-BARRIER SHALL BE INSTALLED ADJACENT TO EXFILTRATION TRENCH WHEN EXISTING OR PROPOSED TREES ARE LOCATED WITHIN 10' OF CENTERLINE OF PIPE. INSTALLATION OF BIO-BARRIER SHALL BE IN ACCORDANCE WITH BIO-BARRIER DETAIL (SEE LANDSCAPE DRAWING DETAILS).

EXFILTRATION TRENCH DETAIL

SCALE: N.T.S.

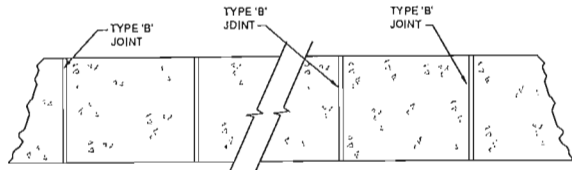


SECTION

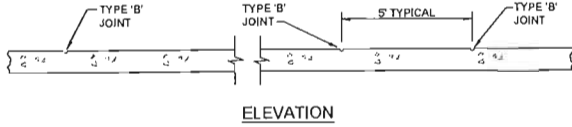
- NOTES:
- ALL YARD DRAINS SHALL BE MANUFACTURED BY A.D.S. OR APPROVED EQUAL.
 - SEE PAVING AND DRAINAGE PLANS FOR SIZE OF DRAIN BASIN.
 - CLOSED GRATE TO BE USED FOR EACH YARD DRAIN WITHIN THE PARKING LOT.

YARD DRAIN DETAIL

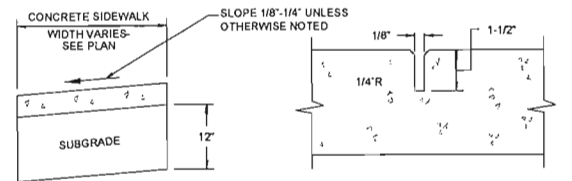
N.T.S.



PLAN



ELEVATION



SECTION

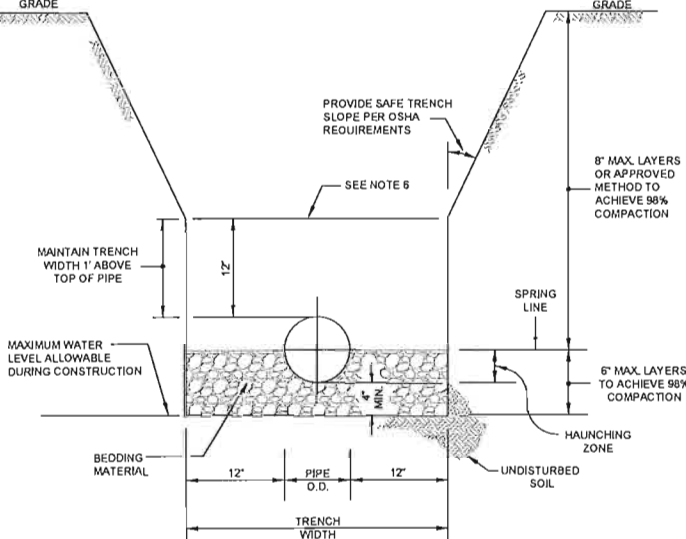
TYPE 'B' JOINT

- NOTES:
- NOTES: SIDEWALK SHALL BE 4" THICK EXCEPT IN DRIVEWAYS AND PUBLIC RIGHT OF WAY WHERE THE THICKNESS SHALL BE 6".
 - SUBGRADE BELOW SIDEWALK SHALL BE A MIN. L.B.R. 40 COMPACTED TO 98% OF MAX. DENSITY PER A.A.S.H.T.O. T-190.
 - CONCRETE STRENGTH SHALL BE MIN. 3000 PSI @ 28 DAYS.

TYPE	LOCATION
'B'	5 FEET CENTER TO CENTER ON SIDEWALKS.

SIDEWALK DETAILS

SCALE: N.T.S.

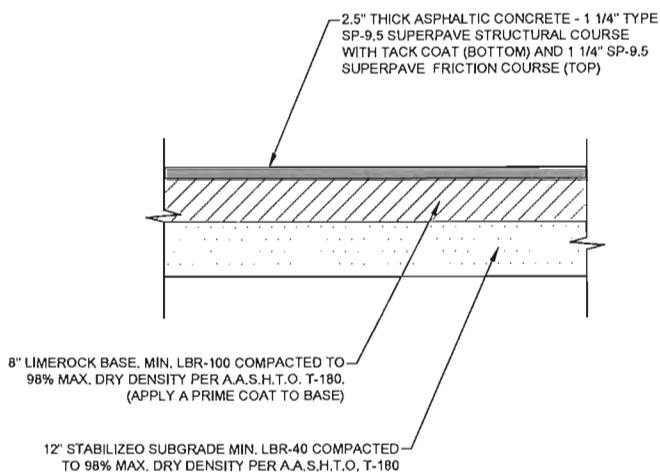


NOTES:

- WHERE SOIL CONDITIONS CAN NOT BE MAINTAINED AS SHOWN ABOVE, PROVIDE APPROVED MEANS OF CONSTRUCTION.
- BEDDING MATERIAL SHALL CONSIST OF WELL GRADED ASTM C33 #57 ROCK (3/4" TO No.4) AND BE PLACED TO SPRING LINE OF PIPE.
- SHEETING WILL BE REQUIRED AS DETERMINED IN THE FIELD.
- REFER TO SPECIFICATIONS FOR EXCAVATION IN MUCK OR OTHER UNSUITABLE MATERIAL.
- COMPACTION PERCENTAGES SHOWN REFER TO AASHTO T-190.
- MECHANICAL COMPACTION NOT ALLOWED BELOW THIS LEVEL (WITHIN 12" OF TOP OF PIPE).
- THOROUGHLY WORK IN AND TAMP THE BEDDING MATERIAL IN THE HAUNCHING ZONE BEFORE PLACING AND COMPACTING REMAINDER OF BACKFILL.

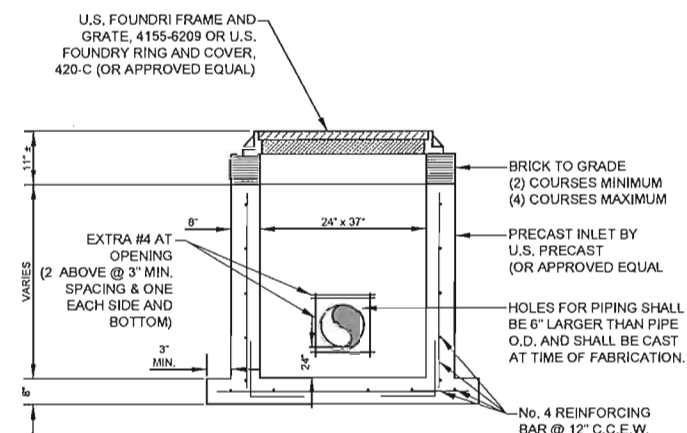
TRENCH DETAIL

SCALE: N.T.S.



TYPICAL PAVEMENT SECTION

SCALE: N.T.S.



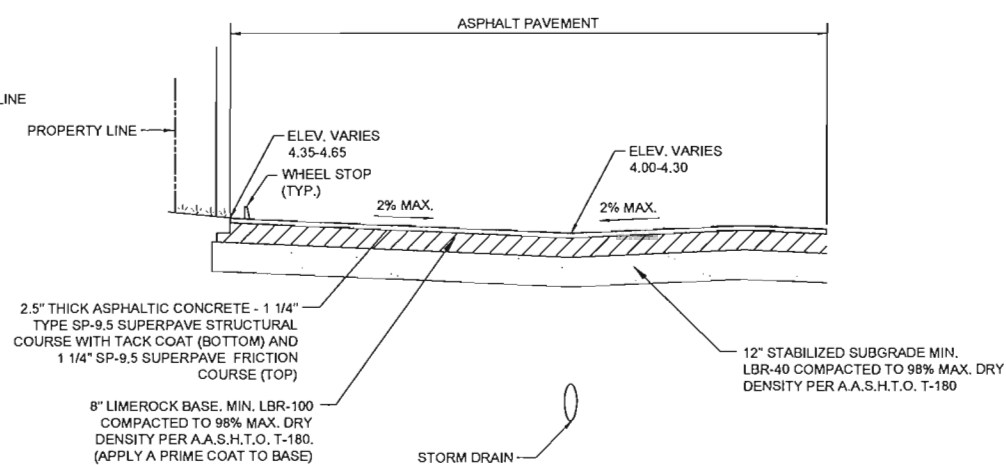
TYPE C-A INLET

SCALE: N.T.S.

CRAVEN • THOMPSON AND ASSOCIATES, INC.
ENGINEERS • PLANNERS • SURVEYORS
3563 N.W. 53RD STREET, FORT LAUDERDALE, FLORIDA 33309
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FLORIDA LICENSED LANDSCAPE ARCHITECTURE BUSINESS NO. C00014
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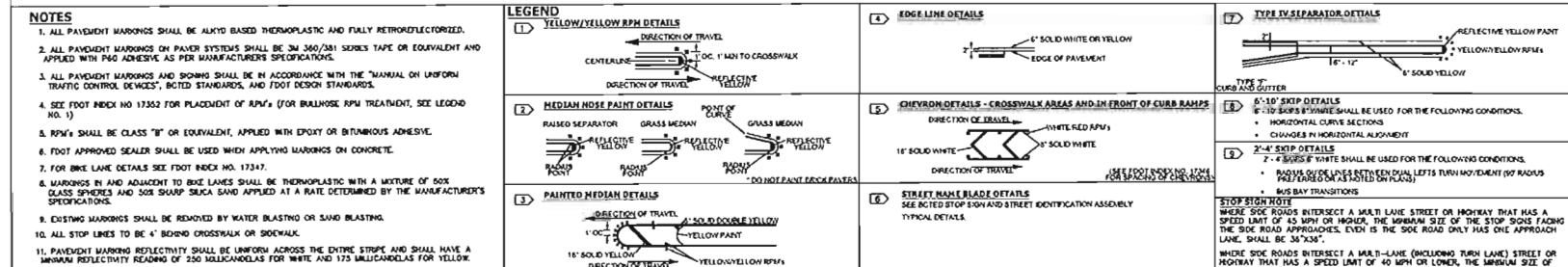
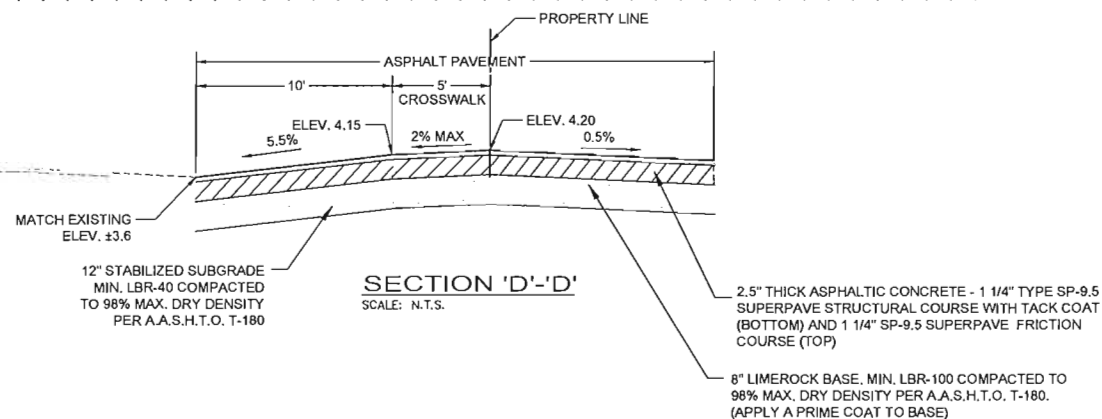
TRU BY HILTON
DANIA BEACH
PREPARED FOR:
DANIA AIRPORT HOTELS, LLC
PAVING & DRAINAGE DETAILS

Chad Everett Edwards
Florida P.E. No. 59306
July 12, 2019
PROJECT NO.



SECTION 'B'-'B'

SCALE: N.T.S.



				DATE:	7/12/2019
				SCALE:	AS SHOWN
				DESIGN BY:	CEE
				DRAWN BY:	S.C.
				CHECKED BY:	CEE
				APPROVED BY:	CEE
4	SITE PLAN ORIENTATION	MK	07/12/19		
3	PER OWNER REVISIONS				
2	PER BUILDING COMMENTS				
1	CONSTRUCTION SET	MK	07/17/18		
	DESCRIPTION:	BY:	DATE:		

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FLORIDA LICENSED LANDSCAPE ARCHITECTURE BUSINESS NO. 0000114

MEMBER COMPANY OF THE INTERNATIONAL ASSOCIATION OF CRATER, THOMPSON & ASSOCIATES, INC. AND SHALL NOT BE USED IN ANY MANNER THAT IMPLIES ENDORSEMENT OR RECOMMENDATION BY THE INTERNATIONAL ASSOCIATION OF CRATER, THOMPSON & ASSOCIATES, INC.

TRU BY HILTON
DANIA BEACH

PREPARED FOR:
DANIA AIRPORT HOTELS, LLC

OFF-SITE CROSS SECTIONS

Chad Everell Edwards
Florida P.E. No. 59306
July 12, 2019

PROJECT NO.

REQUIREMENTS FOR ELECTRICAL INSTALLATIONS - 16 05 11

PART 1 - GENERAL

1.1 DESCRIPTION

A. This section applies to all sections of Division 26.

B. Furnish and install electrical systems, materials, equipment, and accessories in accordance with the specifications and drawings. Capacities and ratings of motors, transformers, conductors and cables, switchboards, switchgear, panelboards, motor control centers, generators, automatic transfer switches, and other items and arrangements for the specified items are shown on the drawings.

C. Electrical service entrance equipment and arrangements for temporary and permanent connections to the electric utility company's system shall conform to the electric utility company's requirements. Coordinate buses, circuit breakers and relays with the electric utility company's system, and obtain electric utility company approval for sizes and settings of these devices.

D. Conductor ampacity specified or shown on the drawings are based on copper conductors, with the conductor and raceways listed per NEC. Aluminum conductors are prohibited.

1.2 MINIMUM REQUIREMENTS

A. The International Building Code (IBC), National Electrical Code (NEC), Underwriters Laboratories, Inc. (UL), and National Fire Protection Association (NFPA) codes and standards are the minimum requirements for materials and installation.

B. The drawings and specifications shall govern in those instances where requirements are greater than those stated in the above codes and standards.

1.3 TEST STANDARDS

A. All materials and equipment shall be listed, labeled, or certified by a Nationally Recognized Testing Laboratory (NRTL) to meet Underwriters Laboratories, Inc. (UL) standards where test standards have been established. Materials and equipment which are not covered by UL standards will be accepted, provided that materials and equipment are listed, labeled, certified or otherwise determined to meet the safety requirements of a NRTL. Materials and equipment which are not NRTL accepted, certified, listed, labeled, or determined to be safe, will be considered if inspected or tested in accordance with national industrial standards, such as ANSI, NEMA, and NETA. Evidence of compliance shall include certified test reports and definitive shop drawings.

B. Definitions:

1. Listed: Materials and equipment included in a list published by an organization that is acceptable to the Authority Having Jurisdiction and concerned with evaluation of products or services. List mentions periodic inspection of production or listed materials and equipment or periodic evaluation of services, and these listing states that the materials and equipment either meet appropriate designated standards or has been tested and found suitable for a specified purpose.

2. Labeled: Materials and equipment to which has been attached a label, symbol, or other identifying mark of an organization that is acceptable in the Authority Having Jurisdiction and concerned with product evaluation, that maintains periodic inspection of production of labeled materials and equipment, and by whose labeling the manufacturer indicates compliance with appropriate standards or performance in a specified manner.

3. Certified: Materials and equipment which:

- Have been tested and found by a NRTL to meet nationally recognized standards or to be safe for use in a specified manner.
- Are periodically inspected by a NRTL.
- Bear a label, tag, or other record of certification.

4. Authority: Recognized Testing Laboratory Testing laboratory which is recognized and approved by the Secretary of Labor in accordance with OSHA regulations.

1.4 QUALIFICATIONS (PRODUCTS AND SERVICES)

A. Manufacturer's Qualifications: The manufacturer shall regularly and currently produce, as one of the manufacturer's principal products, the materials and equipment specified for this project, and shall have manufactured the materials and equipment for at least three years.

B. Product Qualification:

- Manufacturer's materials and equipment shall have been in satisfactory operation, on three installations of similar size and type as this project, for at least three years.
- The Government reserves the right to require the Contractor to submit a list of installations where the materials and equipment have been in operation on before approval.

C. Service Organizations: There shall be a permanent service organization maintained or trained by the manufacturer which will render satisfactory service to this installation within eight hours of receipt of notification that service is needed. Submit name and address of service organizations.

1.5 APPLICABLE PUBLICATIONS

- Applicable publications listed in all sections of Division 26 are the latest issue, unless otherwise noted.
- Publications specified in all sections of Division 26 shall comply with the applicable publications listed in each section.

1.6 MANUFACTURED PRODUCTS

A. Materials and equipment furnished shall be of current production by manufacturer's regularly engaged in the manufacture of such items, and for which replacement parts shall be available. Materials and equipment furnished shall be new, and shall have superior quality and finishes.

B. When more than one unit of the same class or type of material and equipment is required, such units shall be the product of a single manufacturer.

C. Equipment Assemblies and Components:

- Components of an assembled unit need not be products of the same manufacturer.
- Manufacturers of equipment assemblies, which include components made by others, shall assume complete responsibility for the final assembled unit.
- Components shall be compatible with each other and with the total assembly for the intended service.
- Component parts which are similar shall be the product of a single manufacturer.
- Factory wiring and terminals shall be identified on the equipment being furnished and on all wiring diagrams.

E. When Factory Tests are specified, Factory Tests shall be performed in the factory by the equipment manufacturer, and witnessed by the contractor. In addition, the following requirements shall be complied with:

- The Government shall have the option of witnessing factory tests. The Contractor shall notify the Government through the Resident Engineer a minimum of thirty (30) days prior to the manufacturer's performing of the factory tests.
- When factory tests are successful, the contractor shall furnish four (4) copies of the equipment manufacturer's certified test reports to the Resident Engineer fourteen (14) days prior to shipment of the equipment, and not more than ninety (90) days after completion of the factory tests.
- When factory tests are not successful, factory tests shall be repeated in the factory by the equipment manufacturer, and witnessed by the Contractor. The Contractor shall be liable for all additional expenses for the Government to witness factory re-testing.

1.7 VERIFICATIONS from contract requirements

A. Where the Government or the Contractor requests verifications from the contract requirements, the connecting work and related components shall include, but not be limited to additions or changes to branch circuits, circuit protective devices, conductors, wire, feeders, controls, panels and installation methods.

1.8 MATERIALS AND EQUIPMENT PROTECTION

- Materials and equipment shall be protected during shipment and storage against physical damage, vibration, dirt, corrosive substances, fumes, moisture, cold and rain.
- Store materials and equipment indoors in clean dry space with uniform temperature to prevent condensation.
- During installation, equipment shall be protected against entry of foreign matter, and be vacuum-cleaned both inside and outside before testing and operating. Compressed air shall not be used to clean equipment. Remove loose packing and flammable materials from inside equipment.
- Damaged equipment shall be repaired or replaced, as determined by the Resident Engineer. Protective surfaces shall be protected with factory installed corrosion-resistant buff paper, sheet vinyl or equal.
- Damaged paint on equipment shall be refinished with the same quality of paint and workmanship as used by the manufacturer on repaired areas are not obvious.

1.9 WORK PERFORMANCE

A. All electrical work shall comply with the requirements of NFPA 70E (NEC), NFPA 70B, NFPA 70E, OSHA Part 1910 Subpart J - General Environmental Controls, OSHA Part 1910 Subpart K - Medical and First Aid, and OSHA Part 1910 Subpart S - Electrical, in addition to other references required by contract.

B. Job site safety and worker safety is the responsibility of the Contractor.

C. Electrical work shall be accomplished with all energized circuits or equipment de-energized. When an electrical outage cannot be accomplished in this manner for the required work, the following requirements are mandatory:

- Electricians must use full protective equipment (i.e., certified and tested insulating material to cover exposed energized electrical components, cut-off and tested insulated tools, etc.) while working on energized systems in accordance with NFPA 70E.

- Before installing any work, a job specific work plan must be developed by the Contractor with a peer review conducted and documented by the Resident Engineer and Medical Center staff. The work plan must include procedures to be used on and near the live electrical equipment. Barriers to be installed, safety equipment to be used, and exit pathways.
- Work on energized circuits or equipment cannot begin until prior written approval is obtained from the Resident Engineer.

A. For work that affects existing electrical systems, arrange, phase and perform work to assure minimal interruption with normal functioning of the facility. Refer to Article OPERATIONS AND STORAGE AREAS under Section 01 00 00, GENERAL REQUIREMENTS.

B. New work shall be installed and connected to existing work neatly, safely and professionally. Disturbed or damaged work shall be repaired or replaced to its prior condition, as required by Section 01 00 00, GENERAL REQUIREMENTS.

1.10 EQUIPMENT INSTALLATION AND REQUIREMENTS

- Equipment location shall be as close as practical to locations shown on the drawings.
- Working clearances shall not be less than specified in the NEC.
- Inaccessible Equipment

1. Where the Government determines that the Contractor has installed equipment not readily accessible for operation and maintenance, the equipment shall be removed and reinstalled as directed at no additional cost to the Government.

2. "Readily accessible" is defined as being capable of being reached easily for operation, maintenance, or inspections without the use of ladders, or without climbing or crawling under or over obstacles such as, but not limited to, motors, pumps, belt guards, transformers, piping, ductwork, conduit and raceways.

3. Electrical service entrance equipment and arrangements for temporary and permanent connections to the electric utility company's system shall conform to the electric utility company's requirements. Coordinate buses, circuit breakers and relays with the electric utility company's system, and obtain electric utility company approval for sizes and settings of these devices.

1.11 EQUIPMENT IDENTIFICATION

A. In addition to the requirements of the NEC, install an identification sign which clearly indicates information required for use and maintenance of items such as switchboards and switchgear, panelboards, cabinets, motor controllers, fused and non-fused safety switches, generators, automatic transfer switches, separately enclosed circuit breakers, individual breakers and controllers in switchboards, switchgear and motor control assemblies, control devices, and other significant equipment.

B. Identification signs for Normal Power System equipment shall be laminated black phenolic resin with a white color with engraved lettering. Identification signs for Essential Electrical System (EES) equipment, as defined in the NEC, shall be laminated red phenolic resin with a white color with engraved lettering. Lettering shall be a minimum of 12 mm (1/2 inch) high. Identification signs shall include equipment designation, rated bus ampacity, voltage, number of phases, number of wires, and type of EES power branch as applicable. Secure nameplates with screws.

C. Install adhesive arc flash warning labels on all equipment as required by NFPA 70E. Label shall also show specific and correct information for specific equipment based on its arc flash calculations. Label shall show the following:

- Normal system voltage.
- Arc flash boundary (feet/inches).
- Available arc flash incident energy at the corresponding working distance (calories/cm²).
- Required PPE category and description.
- Minimum approach distance (inches), restricted approach distance (inches).
- Equipment name, date prepared, and manufacturer name and address.

1.12 SUBMITTALS

A. Submit to the Resident Engineer in accordance with Section 01 33 23, SHOP DRAWINGS, PRODUCT DATA, AND SAMPLES.

B. The Government's approval shall be obtained for all materials and equipment before delivery to the job site. Delivery, storage or installation of materials and equipment which has not had prior approval will not be permitted.

C. All submittals shall include six copies of adequate descriptive literature, catalog cuts, shop drawings, test reports, certifications, samples, and other data necessary for the Government to ascertain that the proposed materials and equipment comply with drawing and specification requirements. Catalog cuts submitted for approval shall be legible and clearly identify specific materials and equipment being submitted.

D. Submittals for individual systems and equipment assemblies which consist of more than one item or component shall be made for the system or assembly as a whole. Partial submittals will not be considered for approval.

1. Mark the submittals "SUBMITTED UNDER SECTION _____".

2. Submittals shall be marked to show specification reference including the section and paragraph numbers.

3. Submit each section separately.

E. The submittals shall include the following:

- Information on that conforms to compliance with contract requirements. Include the manufacturer's name, model or catalog numbers, catalog information, technical data sheets, shop drawings, manuals, pictures, nameplate data, and test reports as required.
- Elementary and interconnected wiring diagrams for communication and signal systems, control systems, and equipment assemblies. All terminal points and wiring shall be identified on wiring diagrams.

3. Part I of which shall include information for replacement parts and ordering instructions, as recommended by the equipment manufacturer.

F. Maintenance and Operation Manual:

1. Furnish as required for systems and equipment specified in the technical sections. Furnish in hardcover binding or an approved equivalent.

2. Inscribe the following identification on the cover: the words "MAINTENANCE AND OPERATION MANUAL," the name and location of the system, material, equipment, building, name of Contractor, and contact name and number. Include in the manual the names, addresses, and telephone numbers of each subcontractor installing the system or equipment and the local representatives for the material or equipment.

3. Provide a table of contents and assemble the manual to conform to the table of contents, with tab sheets placed before instructions covering the subject. The instructions shall be legible and easily read, with large sheets of drawings folded in.

4. The manual shall include:

- Internal and interconnecting wiring and control diagrams with data to explain detailed operation and control of the equipment.
- A control sequence describing start-up, operation, and shutdown.
- Description of the function of each principal item of equipment.
- Installation instructions.
- Safety precautions for operation and maintenance.
- Diagrams and illustrations.
- Protective maintenance and testing procedures and frequencies, including replacement parts numbers.
- Performance data.
- Personal "equipment" parts list with part numbers. Emphasis shall be placed on the use of special tools and instruments. The list shall indicate sources of supply, recommended spare and replacement parts, and name of servicing organization.
- List of factory approved or qualified permanent servicing organizations for equipment repair and periodic testing and maintenance, including addresses and factory certification qualifications.
- Approvals will be based on complete submission of shop drawings, manuals, test reports, certifications, and samples as applicable.
- After approval and prior to installation, furnish the Resident Engineer with one sample of each of the following:
 - A minimum 300 mm (12 inches) length of each type and size of wire and cable along with the tag from the coils or reels from which the sample was taken. The length of the sample shall be sufficient to show all markings provided by the manufacturer.
 - Each type of conduit, conduit, bushing, and termination fitting.
 - Conduit hangers, clamps, and supports.
 - Duct sealing compound.
 - Each type of raceway, toggle switch, lighting control sensor, outlet box, manual motor starter, device wall plate, engraved nameplate, wire and cable splicing and terminating material, and branch circuit single pole molded case circuit breaker.

1.13 SINGULAR NUMBER

A. Where any device or part of equipment is referred to in these specifications in the singular number (e.g., "the switch"), this reference shall be deemed to apply to as many such devices as are required to complete the installation as shown on the drawings.

1.14 ACCEPTANCE CHECKS AND TESTS

A. The Contractor shall furnish the instruments, materials, and labor for tests.

B. Where systems are comprised of components specified in more than one section of Division 26, the Contractor shall coordinate the installation, testing, and adjustment of all components between various manufacturer's representatives and technicians so that a complete, functional, and operational system is delivered to the Government.

C. When test results indicate any defects, the Contractor shall repair or replace the defective materials or equipment, and repeat the tests. Repair, replacement, and retesting shall be accomplished at no additional cost to the Government.

1.15 WARRANTY

A. All work performed and all equipment and material furnished under this Division shall be free from defects and shall remain so for a period of one year from the date of acceptance of the entire installation by the Contracting Officer for the Government.

1.16 INSTRUCTIONS

A. Instruction to designated Government personnel shall be provided for the particular equipment or system as required in each associated technical specification section.

B. Furnish the services of competent and factory-trained instructors to give full instruction in the adjustment, operation, and maintenance of the specified equipment and system, including pertinent safety requirements. Instructors shall be thoroughly familiar with all aspects of the installation, and shall be factory-trained in operating theory as well as practical operation and maintenance procedures.

C. A training schedule shall be developed and submitted by the Contractor and approved by the Resident Engineer prior to the start of training.

—END—

LOW-VOLTAGE ELECTRICAL POWER CONDUCTORS AND CABLES - 26 05 19

PART 1 - GENERAL

1.1 DESCRIPTION

A. This section specifies the furnishing, installation, connection, and testing of the electrical conductors and cables for use in electrical systems rated 600 V and below, including as cables, conductors, wires, or wiring in this section.

1.2 RELATED WORK

A. Section 26 05 11, REQUIREMENTS FOR ELECTRICAL INSTALLATIONS. Requirements that apply to all sections of Division 26.

B. Section 26 05 26, GROUNDING AND BONDING FOR ELECTRICAL SYSTEMS: Requirements for personnel safety and to provide a low impedance path for possible ground fault currents.

C. Section 26 05 33, RACEWAY AND BOXES FOR ELECTRICAL SYSTEMS: Conduits for conductors and cables.

1.3 QUALITY ASSURANCE

A. Refer to Paragraph, QUALIFICATIONS (PRODUCTS AND SERVICES), in Section 26 05 11, REQUIREMENTS FOR ELECTRICAL INSTALLATIONS.

A. Conductors and cables shall be thoroughly tested at the factory per NEMA to ensure that there are no factory defects. Factory tests shall be certified.

1.5 SUBMITTALS

A. Submit six copies of the following in accordance with Section 26 05 11, REQUIREMENTS FOR ELECTRICAL INSTALLATIONS:

- Shop Drawings.
- Submit sufficient information to demonstrate compliance with drawings and specifications.
- Submit the following data for approval:
 - Electrical ratings and insulation type for each conductor and cable.
 - Testing materials and testing lubricant.

2. Certifications: Two weeks prior to final inspection, submit the following:

- Certification by the manufacturer that the conductors and cables conform to the requirements of the drawings and specifications.
- Certification by the Contractor that the conductors and cables have been properly installed, adjusted, and tested.

1.6 APPLICABLE PUBLICATIONS

A. Publications listed below (including amendments, addenda, revisions, supplements and errata) form a part of this specification to the extent referenced. Publications are referenced in the text by designation only.

B. American Society of Testing Material (ASTM):

0201-10 Standard Specification for Vinyl Chloride Plastic Pressure-Sensitive Electrical Insulating Tape

D2034-10 Test Method for Thermal Endurance of Rigid Electrical Insulating Materials

03005-10 Low-Temperature Resistant Vinyl Chloride Plastic Pressure-Sensitive Electrical Insulating Tape

C. National Electrical Manufacturers Association (NEMA):

70G 70-09 Power Cables Rated 2000 Volts or Less for the Distribution of Electrical Energy

D. National Fire Protection Association (NFPA):

70-11 National Electrical Code (NEC)

E. Underwriters Laboratories, Inc. (UL):

44-10 Thermoset-Insulated Wires and Cables

83-06 Thermoplastic-Insulated Wires and Cables

467-07 Grounding and Bonding Equipment

468A-069-03 Wire Connectors

468C-01 Splicing Wire Connectors

468D-05 Sealed Wire Connector Systems

468E-09 Equipment Wiring Terminals for Use with Aluminum and/or Copper Conductors

493-07 Thermoplastic-Insulated Underground Feeder and Branch Circuit Cables

614-01 Conduit, Tubing, and Cable Fittings

PART 2 - PRODUCTS

2.1 CONDUCTORS AND CABLES

A. Conductors and cables shall be in accordance with NEMA, UL, as specified herein, and as shown on the drawings.

B. All conductors shall be copper.

C. Single Conductor and Cable:

- No. 8 AWG and smaller: Solid, except shall be stranded for final connection to motors, transformers, and vibrating equipment.
- No. 8 AWG and larger: Stranded.

2. No. 10 AWG and smaller: Solid, except shall be stranded for final connection to motors, transformers, and vibrating equipment.

3. For modifications and add-ons to existing wiring systems, color coding shall conform to the existing wiring system.

4. Conductors shall be color-coded as follows:

20X 120 V Phase 460 277 V Black 480V 277 V Black 480V 277 V Orange 480V 277 V Yellow 480V 277 V Gray 110 V or white with colored (other than green) insulation

5. Lighting circuit "switch legs", and 3-way and 4-way switch "traveling wires", shall have color coding that is unique and distinct (e.g., pink and purple) from the color coding indicated above. The unique color codes shall be solid and in accordance with the NEC. Coordinate color coding in the field with the Resident Engineer.

6. Color code for isolated power system wiring shall be in accordance with the NEC.

2.2 SPLICES

A. Splices shall be in accordance with NEC and UL.

B. Above Ground Splices for No. 10 AWG and Smaller:

- Solderless, screw-on, reusable pressure cable type, with integral insulation, approved for copper and aluminum conductors.
- The integral insulator shall have a slit to completely cover the stripped conductors.

C. The number, size, and combination of conductors used with the connector, as listed on the manufacturer's packaging, shall be strictly followed.

C. Above Ground Splices for No. 8 AWG to No. 40 AWG:

- Compression, hex screw, or bolt clamping type of high conductivity and corrosion-resistant material, listed for use with copper and aluminum conductors.
- Insulate with materials approved for the particular use, location, voltage, and temperature. Insulation level shall be not less than the insulation level of the conductors being joined.

3. Splice and insulation shall be product of the same manufacturer.

4. All bolts, nuts, and washers used with splices shall be zinc-plated steel.

D. Above Ground Splices for 250 kcmil and Larger:

- Long barrel "bolt-splice" or "screw" type compression connectors, with minimum of two compression lugs per wire, listed for use with copper and aluminum conductors.
- Insulate with materials approved for the particular use, location, voltage, and temperature. Insulation level shall be not less than the insulation level of the conductors being joined.

3. Splice and insulation shall be product of the same manufacturer.

E. Underground Splices for No. 10 AWG and Smaller:

- Solderless, screw-on, reusable pressure cable type, with integral insulation. Listed for wet locations, and approved for copper and aluminum conductors.
- The integral insulator shall have a slit to completely cover the stripped conductors.

F. The number, size, and combination of conductors used with the connector, as listed on the manufacturer's packaging, shall be strictly followed.

F. Underground Splices for No. 8 AWG and Larger:

- Mechanical type, of high conductivity and corrosion-resistant material, listed for wet locations, and approved for copper and aluminum conductors.
- Insulate in all materials approved for the particular use, location, voltage, and temperature. Insulation level shall be not less than the insulation level of the conductors being joined.

3. Splice and insulation shall be product of the same manufacturer.

G. Plastic electrical insulating tape: Per ASTM D2304, flame-retardant, cold and weather resistant.

2.3 CONNECTIONS AND TERMINATIONS

- Mechanical type of high conductivity and corrosion-resistant material, listed for use with copper and aluminum conductors.
- Long barrel compression type of high conductivity and corrosion-resistant material, with minimum of two compression lugs per wire, listed for use with copper and aluminum conductors.

C. All bolts, nuts, and washers used to connect connections and terminations to bus bars or other termination points shall be zinc-plated steel.

2.4 CONTROL WIRING

A. Unless otherwise specified elsewhere in these specifications, control wiring shall be as specified herein, except that the minimum size shall be not less than No. 14 AWG.

B. Control wiring shall be sized such that the voltage drop under inrush conditions does not adversely affect operation of the controls.

2.5 LUBRICANT COMPOUND

A. Lubricant compound shall be suitable for the wire insulation and conductor and shall not harden or become adhesive.

D. Shall not be used on conductors for isolated power systems.

PART 3 - EXECUTION

3.1 GENERAL

A. Install conductors in accordance with the NEC, as specified, and as shown on the drawings.

B. Install all conductors in raceway systems.

C. Splice conductors only in utility boxes, junction boxes, pull boxes, manholes, or handholes.

D. Conductors of different systems (e.g., 120 V and 277 V) shall not be installed in the same raceway.

E. Install cable supports for all vertical feeders in accordance with the NEC. Provide split wedge type with turny clamps each individual cable and tighten due to cable weight.

F. In panelboards, cabinets, wireways, switches, enclosures, and equipment assemblies, neatly form, install, and tie the conductors in non-metallic ties.

G. For connections to motors, transformers, and vibrating equipment, stranded conductors shall be used only from the last knee point of connection to the motors, transformers, or vibrating equipment.

H. Use expanding foam or non-hardening duct-seal to seal conduits entering a building, after installation of conductors.

- Conductor and Cable Pulling:

- Provide installation equipment that will prevent the cutting or abrasion of insulation during pulling. Use lubricants approved for the cable.
- Use nonmetallic pull rods.

3. Attach pull ropes by means of either woven basket grips or pulling eyes attached directly to the conductors.

4. All conductors in a single conduit shall be pulled simultaneously.

- Do not exceed manufacturer's recommended maximum pulling tensions and allowable pressure values.
- Use more than three branch circuits shall be installed in any one conduit.

K. When stripping stranded conductors, use a tool that does not damage the conductor or remove conductor strands.

3.2 INSTALLATION IN MANHOLES

A. Train the cables under the manhole walls, but do not bend to a radius less than six times the overall cable diameter.

1. Fireproofing

- Install fireproofing on low-voltage conductors where the low-voltage conductors are installed in the same manholes with medium-voltage conductors.
- Use fireproofing tape as specified in Section 26 05 13, MEDIUM-VOLTAGE CABLES, and apply the tape in a single layer, half-lapped, or as recommended by the manufacturer. Install the tape with the coated side towards the cable and extend (not less than 25 mm (1 inch)) into each duct.

3. Secure the fireproofing tape in place by a random wrap of glass cloth tape.

3.3 SPLICE AND TERMINATION INSTALLATION

A. Splices and terminations shall be mechanically and electrically secure, and tightened to manufacturer's published torque values using a torque wrench or wrench.

B. Where the Government determines that unsatisfactory splices or terminations have been installed, replace the splices or terminations at no additional cost to the Government.

3.4 CONDUCTOR IDENTIFICATION

A. When using colored tape to identify phase, neutral, and ground conductors larger than No. 6 AWG, apply tape in half-overlapping turns for a minimum of 75 mm (3 inches) from terminal points, and in junction boxes, pull boxes, and manholes. Apply the last two laps of tape with no tension to prevent possible unwinding. Where cable markings are covered by tape, apply tags to cable, stating size and insulation type.

3.5 FEEDER CONDUCTOR IDENTIFICATION

A. In each interior pull box and each underground manhole and handhole, install brass tags on all feeder conductors to clearly designate their circuit identification and voltage. The tags shall be the embossed type, 40 mm (1-1/2 inches) in diameter and 40 mm thick. Attach tags with plastic ties.

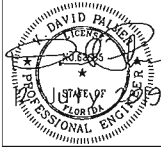
2.6 EXISTING CONDUCTORS

A. Unless specifically indicated on the plans, existing conductors shall not be reused.

3.7 CONTROL WIRING INSTALLATION

A. Unless otherwise specified in other sections, install control wiring and connect to equipment to perform the required functions as specified

WIRING DEVICES - 28 27.62			PANELBOARDS - 28 24.18		
PART 1 - GENERAL			PART 1 - GENERAL		
1.1 DESCRIPTION			1.1 DESCRIPTION		
A. This section specifies the furnishing, installation, connection, and testing of wiring devices.			A. This section specifies the furnishing, installation, and connection of panelboards.		
1.2 RELATED WORK			1.2 RELATED WORK		
A. Section 26 05 11, REQUIREMENTS FOR ELECTRICAL INSTALLATIONS: General electrical requirements that are common to more than one section of Division 26.			A. Section 26 05 11, REQUIREMENTS FOR ELECTRICAL INSTALLATIONS: Requirements that apply to all sections of Division 26.		
B. Section 26 05 33, RACEWAY AND BOXES FOR ELECTRICAL SYSTEMS: Conduit and boxes.			C. Section 26 05 19, LOW-VOLTAGE ELECTRICAL POWER CONDUCTORS AND CABLES: Low-voltage conductors.		
C. Section 26 05 19, LOW-VOLTAGE ELECTRICAL POWER CONDUCTORS AND CABLES: Cables and wiring.			D. Section 26 05 26, GROUNDING AND BONDING FOR ELECTRICAL SYSTEMS: Requirements for personnel safety and to provide a low impedance path to ground for possible ground fault currents.		
D. Section 26 05 26, GROUNDING AND BONDING FOR ELECTRICAL SYSTEMS: Requirements for personnel safety and to provide a low impedance path to ground for possible ground fault currents.			E. Section 26 05 33, RACEWAY AND BOXES FOR ELECTRICAL SYSTEMS: Conduits.		
E. Section 26 51 00, EXTERIOR LIGHTING: Fluorescent ballasts and LED drivers for use with manual dimming controls.			F. Section 29 09 23, LIGHTING CONTROLS: Lighting controls integral to panelboards.		
1.3 QUALITY ASSURANCE			1.3 QUALITY ASSURANCE		
A. Refer to Paragraph, QUALIFICATIONS (PRODUCTS AND SERVICES), in Section 26 05 11, REQUIREMENTS FOR ELECTRICAL INSTALLATIONS.			1. Refer to Paragraph, QUALIFICATIONS (PRODUCTS AND SERVICES), in Section 26 05 11, REQUIREMENTS FOR ELECTRICAL INSTALLATIONS.		
1.4 SUBMITTALS			1.4 SUBMITTALS		
A. SUBMIT SIX COPIES OF THE FOLLOWING IN ACCORDANCE WITH SECTION 26 05 11, REQUIREMENTS FOR ELECTRICAL INSTALLATIONS.			A. Submit six copies of the following in accordance with Section 26 05 11, REQUIREMENTS FOR ELECTRICAL INSTALLATIONS.		
1. SHOP DRAWINGS:			1. Shop Drawings:		
a. SUBMIT SUFFICIENT INFORMATION TO DEMONSTRATE COMPLIANCE WITH DRAWINGS AND SPECIFICATIONS.			a. Submit sufficient information to demonstrate compliance with drawings and specifications.		
b. INCLUDE ELECTRICAL RATINGS, DIMENSIONS, MOUNTING DETAILS, CONSTRUCTION MATERIALS, GRADE, AND TERMINATION INFORMATION.			b. Include electrical ratings, dimensions, mounting details, materials, required clearances, terminations, weight, circuit breakers, wiring and connection diagrams, accessories, and nomenclature data.		
2. MARKUPS:			2. Markups:		
a. SUBMIT, SIMULTANEOUSLY WITH THE SHOP DRAWINGS, COMPANION COPIES OF COMPLETE MAINTENANCE AND OPERATING MANUALS, INCLUDING TECHNICAL DATA SHEETS AND INFORMATION FOR ORDERING REPLACEMENT PARTS.			a. Submit, simultaneously with the shop drawings, complete maintenance and operating manuals including technical data sheets, wiring diagrams, and information for ordering circuit breakers and replacement parts.		
b. IF CHANGES HAVE BEEN MADE TO THE MAINTENANCE AND OPERATING MANUALS ORIGINALLY SUBMITTED, SUBMIT UPDATED MAINTENANCE AND OPERATING MANUALS TWO WEEKS PRIOR TO THE FINAL INSPECTION.			b. Include information for testing, repair, troubleshooting, assembly, and disassembly.		
3. CERTIFICATIONS: TWO WEEKS PRIOR TO FINAL INSPECTION, SUBMIT THE FOLLOWING.			c. Certifications: Two weeks prior to final inspection, submit the following.		
a. CERTIFICATION BY THE MANUFACTURER THAT THE WIRING DEVICES CONFORM TO THE REQUIREMENTS OF THE CONTRACT DOCUMENTS AND SPECIFICATIONS.			a. Certification by the manufacturer that the panelboards conform to the requirements of the drawings and specifications.		
b. CERTIFICATION BY THE CONTRACTOR THAT THE WIRING DEVICES HAVE BEEN PROPERLY INSTALLED AND ADJUSTED.			b. Certification by the Contractor that the panelboards have been properly installed, adjusted, and tested.		
1.5 APPLICABLE PUBLICATIONS			1.5 APPLICABLE PUBLICATIONS		
A. PUBLICATIONS LISTED BELOW (INCLUDING AMENDMENTS, ADDENDA, REVISIONS, SUPPLEMENTS AND ERRATA) FORM A PART OF THIS SPECIFICATION TO THE EXTENT REFERENCED. PUBLICATIONS ARE REFERENCED IN THE TEXT BY BASIC DESIGNATION ONLY.			A. Publications listed below (including amendments, addenda, revisions, and errata) form a part of this specification to the extent referenced. Publications are referenced in the text by designation only.		
B. NATIONAL FIRE PROTECTION ASSOCIATION (NFPA):			B. International Code Council (ICC):		
70-11 NATIONAL ELECTRICAL CODE (NEC)			ICC-12 International Building Code		
99-12 HEALTH CARE FACILITIES			C. National Electrical Manufacturers Association (NEMA):		
C. NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION (NEMA):			PB 1-11 Panelboards		
WD 1-10 GENERAL COLOR REQUIREMENTS FOR WIRING DEVICES			250-08 Enclosures for Electrical Equipment (1,000V Maximum)		
WD 6-08 WIRING DEVICES - DIMENSIONAL SPECIFICATIONS			PB 1-11 Panelboards		
D. UNDERWIRETECH LABORATORIES, INC. (UL):			70-11 National Electrical Code (NEC)		
6-11 SURFACE METAL RACEWAYS AND FITTINGS			70B-12 Standard for Electrical Safety in the Workplace		
20-10 GENERAL-USE SNAP SWITCHES			E. Underwriters Laboratories, Inc. (UL):		
231-07 POWER OUTLETS			50-95 Enclosures for Electrical Equipment		
467-07 GROUNDING AND BONDING EQUIPMENT			67-09 Panelboards		
488-07 ATTACHMENT PLUGS AND RECEPTACLES			489-09 Molded Case Circuit Breakers and Circuit Breaker Enclosures		
943-11 GROUND-FAULT CIRCUIT INTERRUPTERS			PART 2 - PRODUCTS		
1449-07 SURGE PROTECTIVE DEVICES			2.1 General requirements		
1472-36 SOLID STATE DIMMING CONTROLS			A. Panelboards shall be in accordance with NEC, NEMA, UL, as specified, and as shown on the drawings.		
PART 2 - PRODUCTS			B. Panelboards shall have main breaker or main lugs, bus size, voltage, phases, number of circuit breaker mounting spaces, top or bottom feed, flush or surface mounting, branch circuit breakers, and accessories as shown on the drawings.		
2.1 RECEPTACLES			C. Panelboards shall be completely factory-assembled with molded case circuit breakers and integral accessories as shown on the drawings or specified herein.		
A. GENERAL: ALL RECEPTACLES SHALL COMPLY WITH NEMA, NFPA, UL, AND AS SHOWN ON THE DRAWINGS.			D. Non-reduced size copper bus bars, rigidly supported on molded insulators, and fabricated for bolt-on type circuit breakers.		
1. MOUNTING STRAPS SHALL BE PLATED STEEL, WITH BREAK-OFF PLASTER EARS AND SHALL INCLUDE A SELF-GROUNDING FEATURE. TERMINAL SCREWS SHALL BE BRASS, BRASS PLATED OR A COPPER ALLOY METAL.			E. Bus bar connections to the branch circuit breakers shall be the "distributed phase" or "phase sequence" type.		
2. RECEPTACLES SHALL HAVE PROVISIONS FOR BACK WIRING WITH SEPARATE METAL CLAMP TYPE TERMINALS (FOUR MINIMUM) AND SIDE WIRING FROM FOUR CAPTIVELY HELD BINDING SCREWS.			F. Mechanical lugs furnished with panelboards shall be cast, stamped, or machined metal alloys listed for use with the conductors to which they will be connected.		
3. DUPLEX RECEPTACLES: SINGLE PHASE, 20 AMPERE, 120 VOLTS, 2-POLE, 3-WIRE, NEMA 5-20R, WITH BREAK-OFF FEATURE FOR TWO-CIRCUIT OPERATION.			G. Metal bus shall be 100% mild, mounted on insulated supports.		
1. BODIES SHALL BE WHITE IN COLOR.			H. Grounding bus bar shall be equipped with screws or lugs for the connection of equipment grounding conductors.		
2. SWITCHED DUPLEX RECEPTACLES SHALL BE WIRED SO THAT ONLY THE TOP RECEPTACLE IS SWITCHED, THE LOWER RECEPTACLE SHALL BE UNSWITCHED.			I. Bus bars shall be braced for the available short-circuit current as shown on the drawings, but not be less than 10,000 A symmetrical for 120/208 V and 120/240 V panelboards, and 14,000 A symmetrical for 277/480 V panelboards.		
3. DUPLEX RECEPTACLES ON EMERGENCY CIRCUIT:			J. In two-section panelboards, the main bus in each section shall be full size. The first section shall be furnished with locked lugs on the line side of main lugs only, or through-feed lugs for main breaker type panelboards, and have field-installed cable connections to the second section as shown on the drawings. Panelboard sections with lapped bus or crossover bus are not acceptable.		
a. IN ROOMS WITHOUT EMERGENCY POWERED GENERAL LIGHTING, THE EMERGENCY RECEPTACLES SHALL BE OF THE SELF-ILLUMINATED TYPE.			K. Electric-rated panelboards are not permitted.		
4. GROUND FAULT INTERRUPTER DUPLEX RECEPTACLES: SHALL BE AN INTEGRAL UNIT, HOSPITAL-GRADE, SUITABLE FOR MOUNTING IN A STANDARD OUTLET BOX, WITH END-OF-LIFE INDICATION AND PROVISIONS TO ISOLATE THE FACE DUE TO IMPROPER WIRING.			2.2 Enclosures and trim		
a. GROUND FAULT INTERRUPTER SHALL BE CONSIST OF A DIFFERENTIAL CURRENT TRANSFORMER, SOLID STATE SENSING CIRCUITRY AND A CIRCUIT INTERRUPTER SWITCH. DEVICE SHALL HAVE NOMINAL SENSITIVITY TO GROUND LEAKAGE CURRENT OF 4-6 MILLIAMPERES AND SHALL FUNCTION TO INTERRUPT THE CURRENT SUPPLY FOR ANY VALUE OF GROUND LEAKAGE CURRENT ABOVE FIVE MILLIAMPERES (1 OR - 1 MILLIAMPERE) ON THE LOAD SIDE OF THE DEVICE. DEVICE SHALL HAVE A MINIMUM NOMINAL TRIPPING TIME OF 0.025 SECOND.			A. Enclosures:		
5. GROUND FAULT INTERRUPTER DUPLEX RECEPTACLES (NOT HOSPITAL-GRADE) SHALL BE THE SAME AS GROUND FAULT INTERRUPTER HOSPITAL-GRADE RECEPTACLES EXCEPT FOR THE HOSPITAL-GRADE LISTING.			1. Provide galvanized steel enclosures, with NEMA rating as shown on the drawings or as required for the environmental conditions in which installed.		
5. ISOLATED GROUND DUPLEX RECEPTACLES: SHALL BE THE SAME AS DUPLEX RECEPTACLES EXCEPT FOR AS FOLLOWS:			2. Enclosures shall not have ventilating openings.		
a. BODIES SHALL BE ORANGE NYLON.			3. Enclosures may be of one-piece formed steel or of formed sheet steel with end and side panels welded, riveted, or bolted as required.		
C. RECEPTACLES: 20, 30, AND 50 AMPERE, 250 VOLTS; SHALL BE COMPLETE WITH APPROPRIATE CORN GRIP PLUG.			4. Provide manufacturer's standard option for open-punched knockouts on top and bottom endwalls.		
6. WEATHERPROOF RECEPTACLES: SHALL CONSIST OF A DUPLEX RECEPTACLE, MOUNTED IN BOX WITH A GASKETED, WEATHERPROOF, CAST METAL COVER PLATE AND CAP OVER EACH RECEPTACLE OPENING. THE CAP SHALL BE PERMANENTLY ATTACHED TO THE COVER PLATE BY A SPRING-HINGED FLAP. THE WEATHERPROOF INTEGRITY SHALL NOT BE AFFECTED WHEN HEAVY DUTY SPECIFICATION OR HOSPITAL GRADE ATTACHMENT PLUG CAPS ARE INSERTED. COVER PLATES ON OUTLET BOXES MOUNTED PLUSH IN THE WALL SHALL BE GASKETED TO THE WALL VIA WATER-TIGHT LAMMER.			5. Include removable inner dead front cover, independent of the panelboard cover.		
ESURGE PROTECTIVE (TVSS) RECEPTACLES SHALL HAVE INTEGRAL SURGE SUPPRESSION IN LINE TO GROUND, LINE TO NEUTRAL, AND NEUTRAL TO GROUND MODES.			B. Trim:		
1. TVSS COMPONENTS: MULTIPLE METAL-OXIDE VARISTORS; WITH A NOMINAL CLAMP-LEVEL RATING OF 400 VOLTS AND MINIMUM SINGLE TRANSIENT PULSE ENERGY DISSIPATION OF 210 JOULES.			1. Hinged "door-in-door" type.		
2. ACTIVE TVSS INDICATION: LED, VISIBLE IN FACE OF DEVICE TO INDICATE DEVICE IS ACTIVE OR NO LONGER IN SERVICE.			2. Interior hinged door with hand-operated latch or latches, as required to provide access only to circuit breaker operating handles, not to energized parts.		
F. CABLE REEL RECEPTACLES:			3. Outer hinged door shall be securely mounted to the panelboard enclosure with factory bolts, screws, clips, or other fasteners, requiring a key or tool for entry. Hand-operated latches are not acceptable.		
1. REEL SHALL HAVE A HEAVY-DUTY SPRING MOTOR, WITH SELF-CONTAINED REWIND POWER AND NON-SPARKING RATCHET ASSEMBLY, A 4-WAY ROLLER AND ADJUSTABLE CABLE STOP, AND A SAFETY CHAIN. REEL SHALL LOCK WHEN DESIRED CABLE HAS BEEN PAYED OUT, AND UNLOCK AND RETRACT WHEN CABLE IS PULLED TO RELEASE LOCK.			4. Inner and outer doors shall open left to right.		
			5. Trim shall be flush or surface type as shown on the drawings.		
			2.3 MOLDED CASE CIRCUIT BREAKERS		
			A. Circuit breakers shall be per UL, NEC, as shown on the drawings, and as specified.		
			B. Circuit breaker features shall be as follows:		
			1. A rugged, integral housing of molded insulating material.		
			2. Silver alloy contacts.		
			3. Arc quenchers and phase barriers for each pole.		
			4. Quick-make, quick-break, operating mechanisms.		
			5. A trip element for each pole, thermal magnetic type with long time delay and instantaneous characteristics, a common trip bar for all poles and a single operator.		
			6. Electrically and mechanically life free.		
			7. An operating handle which indicates closed, tripped, and open positions.		
			8. An overload on one pole of a multi-pole breaker shall automatically cause all the poles of the breaker to open.		
			9. Ground fault current interrupting breakers, shunt trip breakers, lighting control breakers (including accessories to switch line currents), or other accessory devices or functions shall be provided where shown on the drawings.		
			2.4 SURGE PROTECTIVE DEVICES		
			A. Where shown on the drawings, furnish panelboards with integral surge protective devices. Refer to Section 28 43 13, SURGE PROTECTIVE DEVICES.		
			PART 3 - EXECUTION		
			3.1 INSTALLATION		
			A. Installation shall be in accordance with the manufacturer's instructions, the NEC, as shown on the drawings, and as specified.		
			B. Locate panelboards so that the present and future conductors can be conveniently connected.		
			C. Install a printed schedule of circuits in each panelboard after approval by the. Schedules shall reflect final load restoration, room numbers, and room names connected to each circuit breaker. Schedules shall be printed on the panelboard directory cards and be installed in the appropriate panelboards.		
			D. Mount panelboards such that the maximum height of the top circuit breaker above the finished floor shall not exceed 1980 mm (78 inches).		
			E. Provide blank cover for each unused circuit breaker mounting space.		
			F. Panelboard enclosures shall not be used for conductors feeding through, spliced, or tapping off to other enclosures or devices.		
			3.2 Acceptance Checks and Tests		
			A. Perform in accordance with the manufacturer's recommendations. In addition, include the following:		
			1. Visual Inspection and Tests:		
			a. Compare equipment nameplate data with specifications and approved shop drawings.		
			b. Inspect physical, electrical, and mechanical condition.		
			c. Verify appropriate anchorage and required area clearances.		
			d. Verify that circuit breaker sizes and types correspond to approved shop drawings.		
			e. To verify tightness of accessible bolted electrical connections, use the calibrated torque-wrench method or perform thermographic survey after energization.		
			f. Vacuum-test enclosure interior. Clean enclosure interior.		
			3.3 Follow-Up Verification		
			A. Upon completion of acceptance checks, settings, and tests, the Contractor shall demonstrate that the panelboards are in good operating condition and properly performing the intended function.		
			—END—		



No	Description	Date
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JOB NUMBER
16-0008
PROJECT STATUS
SHEET NAME
ELECTRICAL -
SPECIFICATIONS
PERMIT No
SHEET NUMBER
E1.3

SITE LUMINAIRE SCHEDULE											
MARK	DESCRIPTION	BASIS OF DESIGN PRODUCT(S)		VOLTAGE	LAMP DATA			MOUNTING LOCATION	MOUNTING TYPE	MOUNTING HEIGHT	REMARKS
		MANUFACTURER	CATALOG NUMBER		QTY PER LUMINAIRE	WATTAGE	TYPE				
A	LED, FORWARD THROW DISTRIBUTION, POLE MOUNTED SITE LIGHT, D.E. CAST ALUMINUM, WITH DIRECT BURIED 25' TAPERED ALUMINUM POLE, SINGLE HEAD	LITHONIA LITE POLES	LIGHT - DSXD-LED-P5-40K-11W-WHLE-DLL127F 1.5W POLE - 405-2015-20-DHS-STB	120	1	85	LED	SITE	POLE	20' AFD	FIXTURE HAS BUILT IN PHOTOCELL

PANELBOARD SCHEDULE

120/240 VOLTS, 1 PHASE, 3 WIRE,
100 AMP MAIN BREAKER
ISOLATED NEUTRAL BUS, GROUND BUS
SURFACE MOUNT, RINGED FRONT, NEMA 3R ENCLOSURE

CMT NO.	CIRCUIT DESCRIPTION	SIRVR A/POLE	CMT VA			VA/PHASE			SIRVR A/POLE	CIRCUIT DESCRIPTION	CMT NO.
			LGT	REC	MSC	PH A	PH B	PH C			
1	LTS - PARKING AREA	20/1	356	0	0	536	180	0	20/1	REC - ELECTRICAL BACKBOARD	2
3	REC - ELECTRIC GATE	20/1	0	160	0	0	0	0	20/1	SPACE	4
5	SPACE	20/1	0	0	0	0	0	0	20/1	SPACE	6
7	SPACE	20/1	0	0	0	0	0	0	20/1	SPACE	8
9	SPACE	20/1	0	0	0	0	0	0	20/1	SPACE	10
11	SPACE	20/1	0	0	0	0	0	0	20/2	TVSS	12
TOTALS:			356	160	0	536	180	0	VA		
LOAD SUMMARY:			CONNECTED:			DEMAND:			TOTAL		
LIGHTING:			356	X 125X	=	445	625	/	240	=	2.6
RECEPTACLES:			360	(FIRST 10K + 50% OF REMAINING)	=	160	FEDER SIZE:			3/2, 1 1/2"	
MISCELLANEOUS:			0	X 100K	=	0	FEDER BREAKER:			100/2 MAIN SERVICE BREAKER	

PANEL OSP

800 STYLE PANEL
12 CMT PANEL
24,000 A (5VM) AVAILABLE FAULT

GENERAL LUMINAIRE SCHEDULE SPECIAL NOTE:

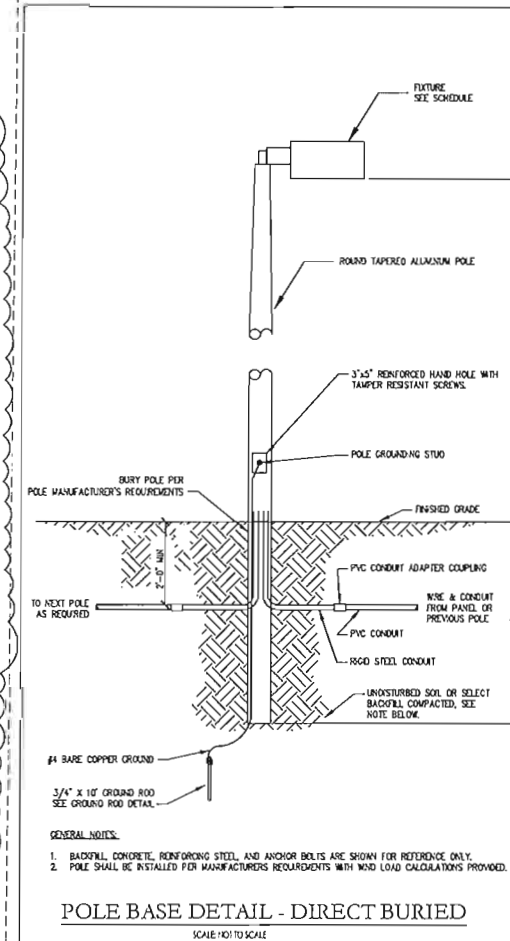
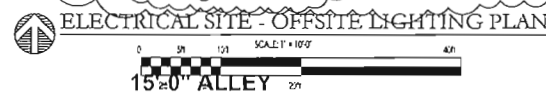
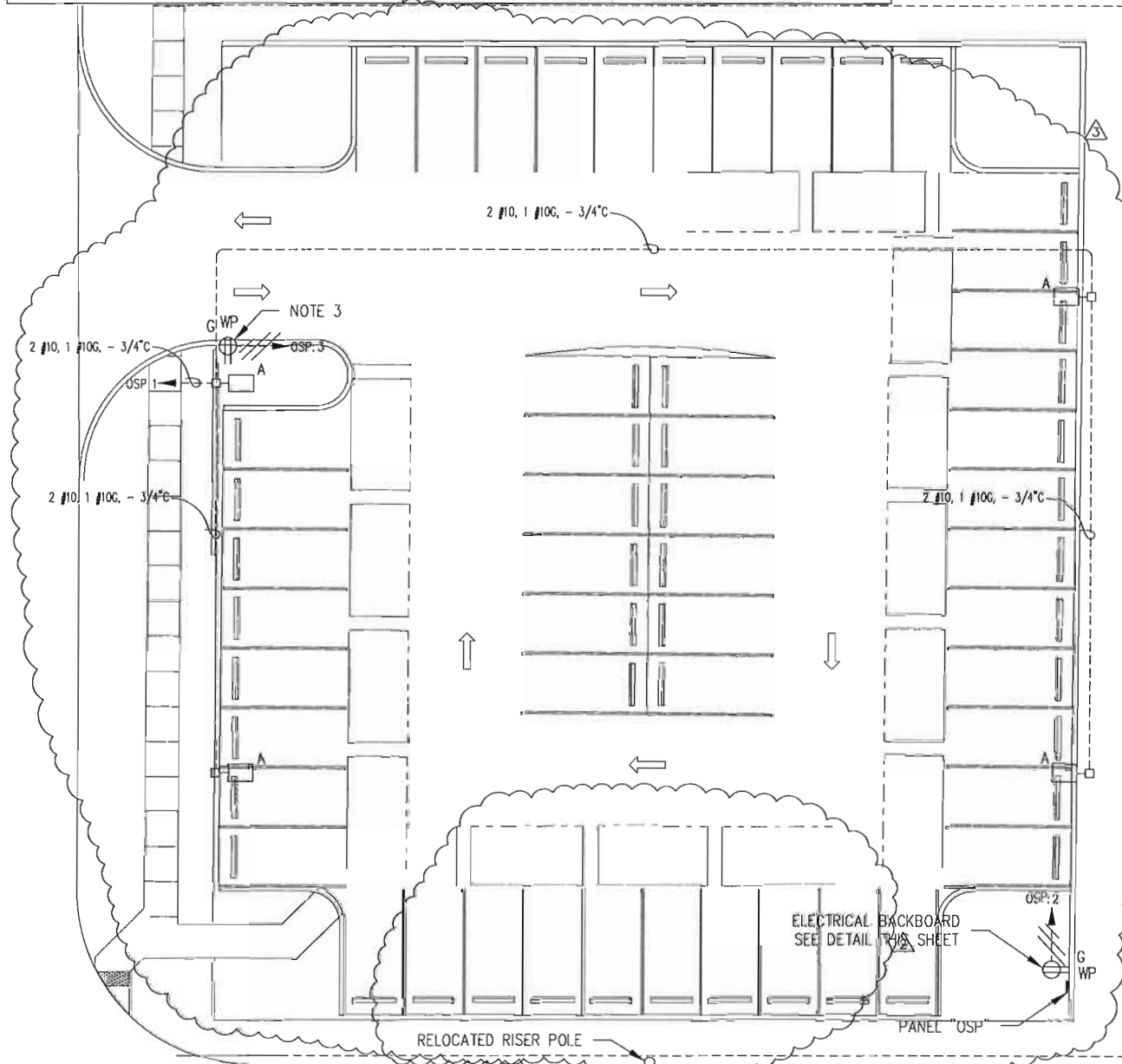
ALL LUMINAIRES MUST BE LISTED AND APPROVED. CONTRACTOR SHALL PROVIDE LUMINAIRE CUTSHEETS TO CITY FOR APPROVAL PRIOR TO PURCHASE.

GENERAL EXTERIOR WIND LOAD CALCULATION SPECIAL NOTE:

CONTRACTOR SHALL PROVIDE WIND LOAD CALCULATIONS PER CITY/COUNTY REQUIREMENTS. CONTRACTOR SHALL CONTACT CITY/COUNTY AND VERIFY ALL REQUIREMENTS PRIOR TO PURCHASE OF ANY EQUIPMENT.

GENERAL PANELBOARD SCHEDULE SPECIAL NOTE:

CONTRACTOR SHALL PROVIDE AVAILABLE FAULT CURRENT DATA AS REQUIRED BY NEC 110.24 TO CITY FOR APPROVAL PRIOR TO PURCHASE. CONTRACTOR SHALL ADJUST AC RATINGS FOR PANELBOARDS TO MATCH PROVIDED CALCULATIONS.

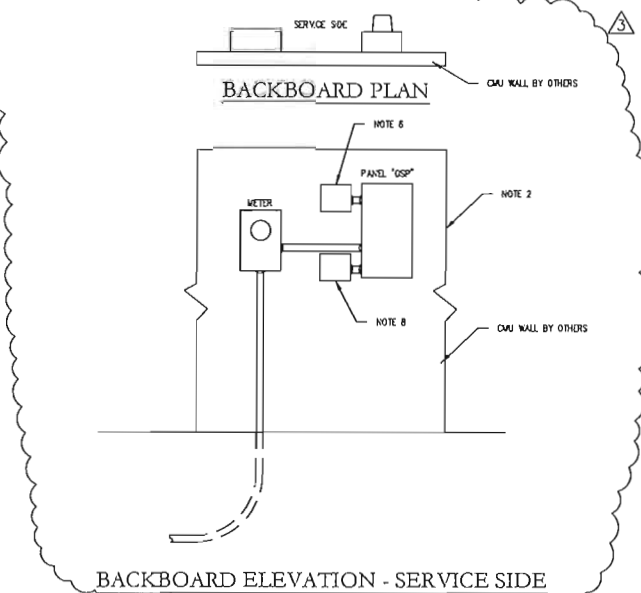


ELECTRICAL SITE LIGHTING PLAN NOTES:

1. POWER COMPANY UTILITY TRANSFORMER. VERIFY EXACT LOCATION AND REQUIREMENTS WITH POWER COMPANY PRIOR TO ROUGH-IN. SEE RISER DIAGRAMS FOR MORE INFORMATION.
2. UNDERGROUND SECONDARY. SEE RISER DIAGRAMS FOR MORE INFORMATION.
3. FOR ELECTRIC GATE OPERATOR. VERIFY EXACT REQUIREMENT WITH GATE OPERATOR MANUFACTURER PRIOR TO ROUGH-IN. CONTRACTOR SHALL PROVIDE GATE OPERATOR CUTSHEETS TO CITY FOR APPROVAL PRIOR TO ROUGH-IN AND PURCHASE.

BACKBOARD DETAILS - NEW SERVICE BACKBOARD NOTES

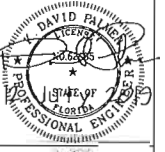
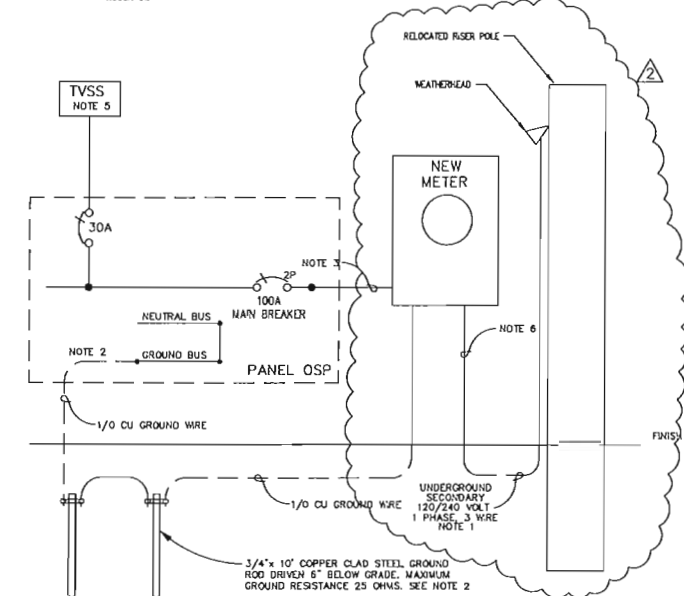
1. SEE RISER DIAGRAM FOR ALL CONDUIT, WIRING AND DETAILS.
2. ALUMINUM PANEL BACKBOARD, WITH 1554X253/16 GALVANIZED SUPPORTS.
3. EMBED SUPPORT LEGS IN CONCRETE FOOTING AS SHOWN. COAT SUPPORT LEGS BELOW GRADE WITH TWO (2) COATS OF BUTYRASTIC PAINT.
4. ALL MOUNTINGS AND CONNECTIONS SHALL UTILIZE ADEQUATELY SIZED STAINLESS STEEL BOLTS, NUTS, AND WASHERS.
5. ARRANGEMENT OF ITEMS ON BACKBOARD MAY BE ADJUSTED DEPENDING ON THE LOCATION OF THE PAD MOUNTED TRANSFORMER. VERIFY ALL REQUIREMENTS PRIOR TO ROUGH-IN.
6. TVSS
7. CONTRACTOR SHALL PROVIDE WIND LOAD CALCULATIONS TO CITY FOR APPROVAL FOR ACTUAL PANELBOARD BACKBOARD THAT WILL BE PROVIDED.
8. WEATHERPROOF RECEPTACLE



BACKBOARD DETAILS - NEW SERVICE BACKBOARD

ELECTRICAL RISER DIAGRAM NOTES:

1. PROVIDE ALL MATERIALS AND LABOR AS REQUIRED TO ESTABLISH THE NEW 120/240V, 1 PHASE, 3W SECONDARY SERVICE INCLUDING BUT NOT LIMITED TO 3/4" ± 1/2" PVC UNDERGROUND SECONDARY CONDUIT LOCATED A MIN OF 30" BELOW GRADE FROM METER BASE TO PAD MOUNTED TRANSFORMER. COORDINATE ALL WORK WITH POWER COMPANY AND INSTALL SERVICE IN ACCORDANCE WITH THEIR REQUIREMENTS. CONTRACTOR SHALL BE RESPONSIBLE FOR ANY AND ALL COSTS AND FEES REQUIRED BY POWER COMPANY TO ESTABLISH SERVICE AND SHALL INCLUDE THESE COSTS IN BID. CONTACT POWER COMPANY TO COORDINATE NEW SERVICE. CONTRACTOR SHALL PROVIDE ADDITIONAL 1 1/2" WITH PULL STRING FROM TRANSFORMER TO PANEL.
2. 180 BARE CU SERVICE GROUNDING ELECTRODE CONDUCTOR IN 3/4" PVC TO (2) 3/4" X 10' COPPER CLAD STEEL GROUND RODS SEPARATED BY 10 FT MINIMUM. BOND TO METALLIC WATER PIPING, REBAR, BUILDING STEEL, AND GROUND TERMINAL OF METER BASE AND TO ENCLOSURE. GROUND PER NEC ARTICLE 250.
3. 3/2" ± 1 1/2" C.
4. PERMANENTLY LABEL PANEL "OSP" MAIN GROUND BREAKER AS "MAIN SERVICE DISCONNECT".
5. PROVIDE 3/16, 1/16(C) IN 1" TO TVSS. TVSS SHALL BE WDG SURGE PROTECTION (#604K1-120V, INSTALL IN STRICT ACCORDANCE WITH MANUFACTURER'S WRITTEN INSTRUCTIONS.
6. 3/2" ± 1 1/2" C. COORDINATE LOCATION OF METER WITH POWER COMPANY. VERIFY ALL REQUIREMENTS PRIOR TO ROUGH-IN.



No.	Description	Date
1	FINAL SITE REVISION	01/30/19
2	FINAL SITE REVISION	07/12/19

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BEACH OFF SITE PARKING
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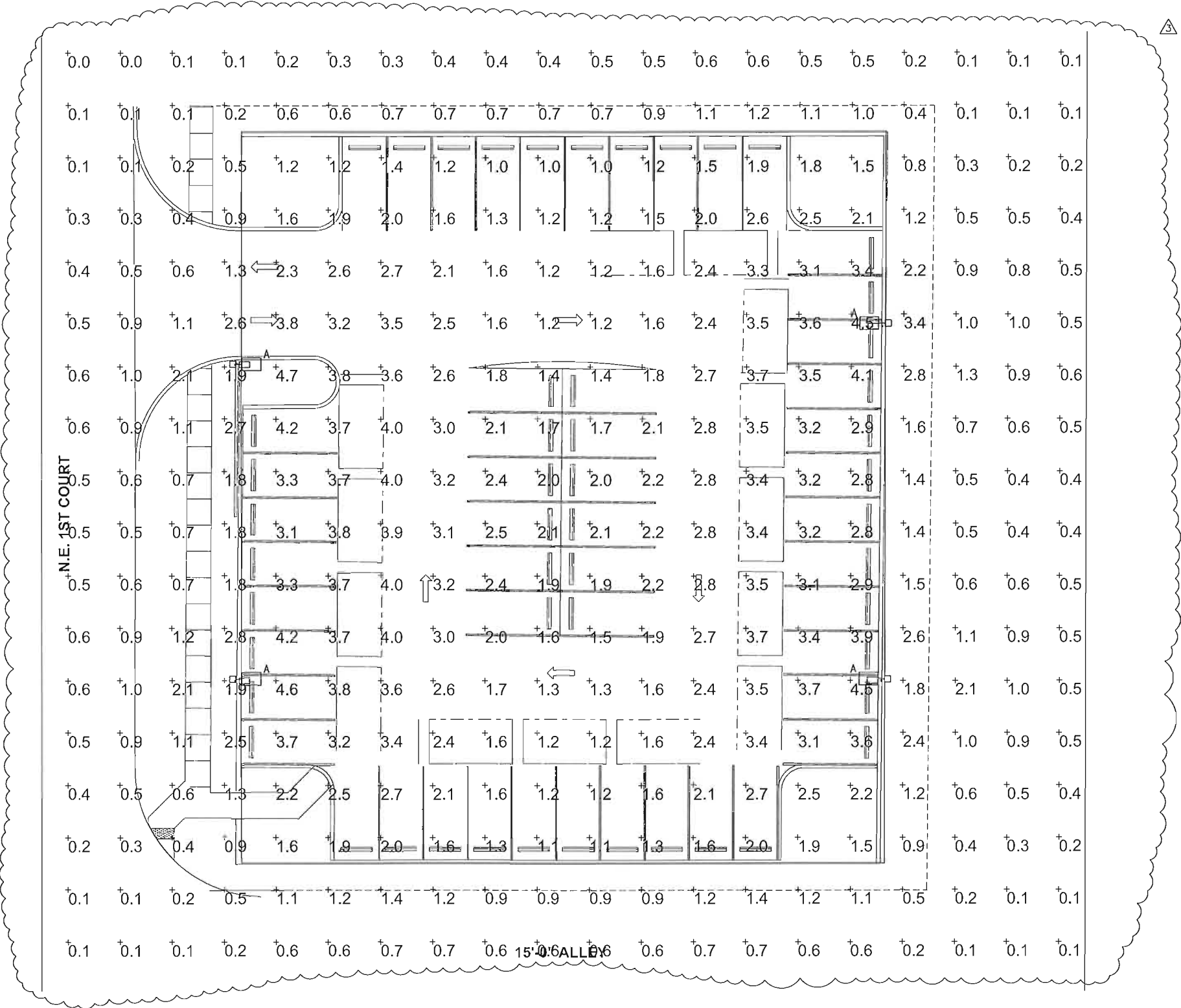
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established 1981

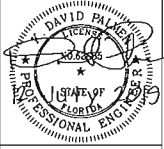
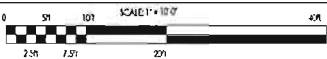
DRAWN
Author
EDY DATE
05/06/2018 11:23:41 AM
ISSUE DATE
SCALE
JOB NUMBER
164028
PROJECT STATUS
SHEET NAME
ELECTRICAL OFF-SITE PARKING LOT PLAN
PERMIT NO.

SHEET NUMBER
ES1.1

SITE LUMINAIRE SCHEDULE											
MARK	DESCRIPTION	BASIS OF DESIGN PRODUCT(S)		VOLTAGE	LAMP DATA			MOUNTING LOCATION	MOUNTING TYPE	MOUNTING HEIGHT	REMARKS
		MANUFACTURER	CATALOG NUMBER		QTY PER LUMINAIRE	WATTAGE	TYPE				
A	LED, FORWARD THROW DISTRIBUTION, POLE MOUNTED SITE LIGHT, DIE CAST ALUMINUM, WITH DIRECT BURIED 20' TYPICAL ALUMINUM POLE, SINGLE HEAD	LITHONIA LYTE POLYS	LIGHT - OSKO-LED-P5-42K-T4M-WWLT-DLL1777 1.5KU POLE - 405-7015-20-DWB-S10	120	1	89	LED	SITE	POLE	20' AFD	FEATURE HAS BUILT IN PHOTOCELL



ELECTRICAL SITE - OFFSITE PHOTOMETRICS PLAN



No	Description	Date
1	CITY COMMENTS	09/17/18
2	FINAL SITE REVISION	07/12/19

TRU BY HILTON DANIA
BEACH OFF SITE PARKING
14 NE 1ST CT, DANIA BEACH,
FL 33004

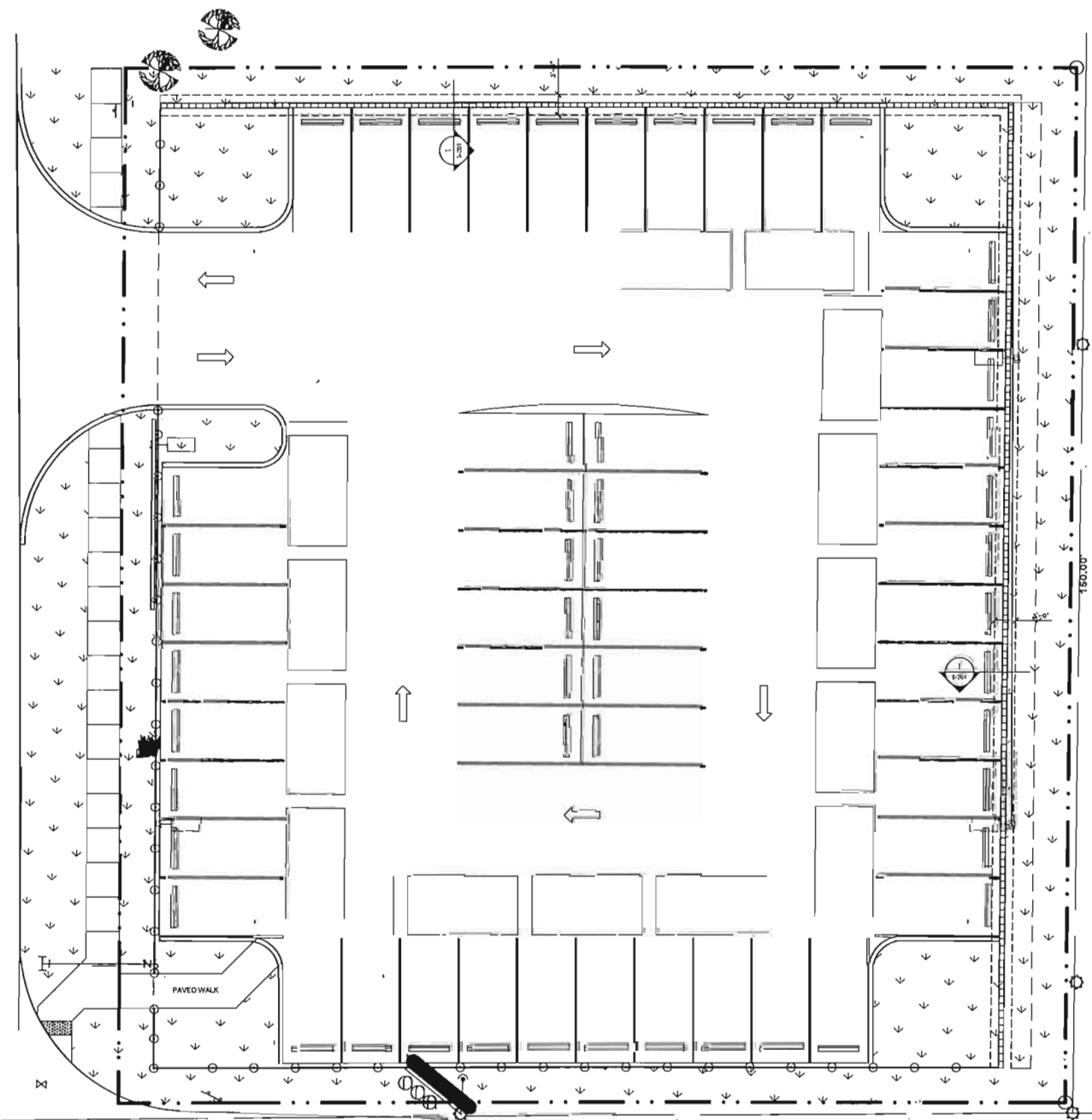


the Design Group of Florida, Inc.
a subsidiary of The Design Group, Inc.
(354) 448-5212
7000 E. 19th Avenue, Suite 300
Dania Beach, FL 33004
www.thedesigngroup.com

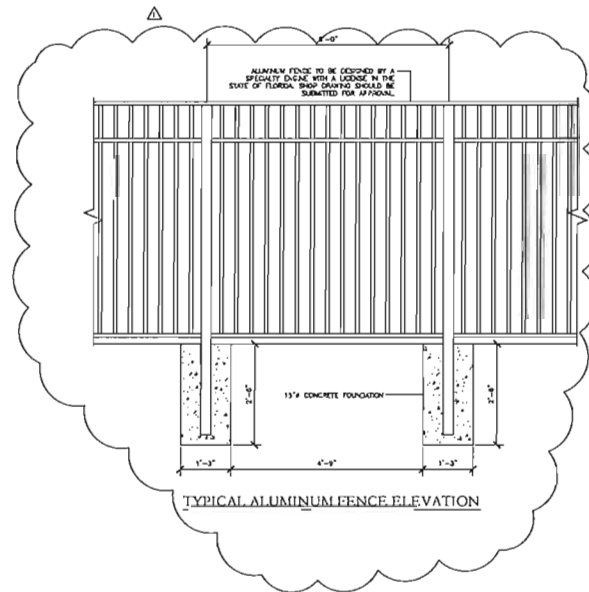
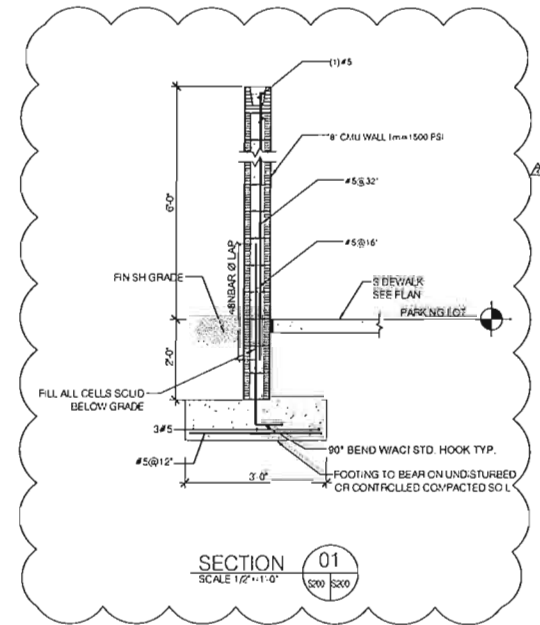
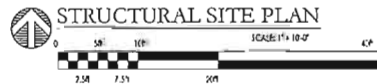
dllw architects
542 Douglas Avenue
Dunedin, FL 34698
727.736.6000
www.dlwarchitects.com
established 1951

DRAWN
Autor
EDIT DATE
05/02/2018 11:23:44 AM
ISSUE DATE
SCALE
JOB NUMBER
15-0028
PROJECT STATUS
SHEET NAME
OFF-SITE PARKING LOT
PHOTOMETRICS PLAN
PERMIT No
SHEET NUMBER
ES1.2

N.E. 1ST COURT



15'-0"
ALLEY



GOVERNING CODE	ASCE 7-10
BUILDING RISK CATEGORY	II
WIND VELOCITY	V=175 MPH
MEAN ROOF HEIGHT	6'-0"
DIRECTIONAL FACTOR	Kd = 0.85
TOPOGRAPHIC FACTOR	Kzt = 1.0
EXPOSURE	C
ENCLOSURE CLASSIFICATION	N/A
FORCE COEFFICIENT, C1 (BACKBOARD)	1.55
FORCE COEFFICIENT, C1 (FENCE)	1.30
ALL. WIND PRESSURE (BACKBOARD)	44.77 PSF
ALL. WIND PRESSURE (FENCE)	37.55 PSF

No.	DESCRIPTION	DATE
1	DANIA HILTON DOWNS	2/4/19
2	DANIA HILTON DOWNS	7/15/19

TRU BY HILTON DANIA BEACH
OFF SITE PARKING
14 NE 1ST CT, Dania Beach, FL
33004



FL COA: 32693



DRAWN	CM
EDIT DATE	7/9/2018 3:47:40 PM
ISSUE DATE	07/12/2018
SCALE	As indicated
JOB NUMBER	16-0028
PROJECT STATUS	PERMIT SET
SHEET NAME	STRUCTURAL SITE PLAN & DETAILS
LOCATION / INNOCODE	FL/FTRU ID #52637
SHEET NUMBER	S-201

August 20, 2019

Mr. Samy Cohen
AD1 Wholesale, LLC
1955 Harrison Street, Suite 200
Hollywood, Florida 33020

Re: Tru by Hilton – Parking Needs

Dear Samy:

The purpose of this letter is to recommend an appropriate parking rate for the proposed Tru by Hilton lodging facility planned to be located at 24 North Federal Highway in the City of Dania Beach in Broward County, Florida.

Table 1 below documents the parking requirements per City of Dania Beach Land Development Regulations. As indicated in the subject table, the Tru by Hilton requires 96 parking spaces. Since 78 parking spaces are provided, a parking reduction study is required. The purpose of this parking reduction study is to demonstrate that the 78 parking spaces provided for the project are adequate to comfortably accommodate the peak parking demands of the subject lodging facility.

TABLE 1 Tru by Hilton Parking Calculations			
Parking Required ¹	Parking Provided	Parking Deficit	
		Spaces	Percentage
96	78	-18	-19%

Parking counts conducted at three hotels located in east Fort Lauderdale (The Pelican, Hilton and Marriott Beach Resort) indicate that the actual parking generation per occupied hotel room is, on average, approximately 0.71 parking spaces per occupied/rented room.

¹ 0.8 parking spaces per hotel room (115 rooms proposed) plus 1.0 parking space per 300 square feet of retail space (997 square feet of retail proposed) = $92 + 4 = 96$ parking spaces required.

Additionally, the Institute of Transportation Engineers (ITE) recommends a parking rate of 0.72 parking spaces per room for business hotels. This rate accommodates the parking needs of any restaurant and retail space within the hotel premises.

Based on the above, Traf Tech Engineering, Inc. recommends a parking rate of 0.72 parking spaces per hotel room for the Tru by Hilton Hotel. With a parking rate of 0.72, the parking needs would be 83 parking spaces. Since 78 parking spaces are provided (12 on site and 66 at the satellite parking lot), the subject hotel will have a shortfall of five (5) parking spaces. However, since the satellite parking lot is for valet use only, the peak parking demand of 78 parking spaces can be accommodated by the valet operator (valet parking lots can accommodate significantly more vehicles than marked parking spaces).

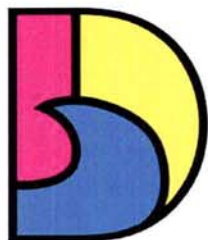
Please give me a call if you have any questions.

Sincerely,

TRAF TECH ENGINEERING, INC.



Joaquín E. Vargas, P.E.
Senior Transportation Engineer



DANIA BEACH
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CITY OF DANIA BEACH OFFICE OF THE CITY MANAGER MEMORANDUM

DATE: August 27, 2019

TO: Mayor Lori Lewellen
Vice Mayor Lauren Odman
Commissioner Chickie Brandimarte
Commissioner Bill Harris
Commissioner Tamara James

FROM: Ana M. Garcia, ICMA- CM, City Manager

SUBJECT: Manager's Report

My Goal for my first 6 months was to assess the City Teams/Departments, the City Buildings/Parks, and the City Budget/Finances with a plan to address needs and prioritize accordingly. The attached/included memorandums from my Department Directors further reflect the aforementioned with specifics on personnel, projects, and key updates. We are working as a Team overcoming challenges while we seek and find solutions. Every day we move forward on a path towards becoming a high performing organization providing great customer service. In addition to the attached, the below reflects very exciting news for our City.

Our concerns regarding the life and safety of our community has led to a successful partnership/deal with Kimco/Dania Pointe as they will provide an EMS Substation at Dania Point. The design, construction, and space allocated by Kimco/Dania Pointe for our EMS substation has a value of approximately half a million dollars. The space provided by Kimco for personnel, equipment and vehicles to provide this much needed service to our Community has a perpetual value in the millions. I am extremely grateful to Peter Flint and Paul Puma from the Kimco Executive team for their support and collaboration. I am also extremely grateful to BSO Fire Chief Fernandez, Chief Busenbarrick, Chief Holness and our new District Chief Pellecer, as well as the top brass from the City of Miami Fire Department who assisted us in this endeavor.

Our concerns regarding an old EMS truck with excessive miles and a multitude of service related issues has led us to seek and secure a brand new truck that we will take possession of this October. Our relationship with BSO fire has afforded us this opportunity that will allow us to defer a payment in excess of 450 Thousand dollars for 1 year. Taking possession on this new EMS truck will allow us to limit the use of the Fire Truck (engine) extending the life of our Fire Truck and saving us thousands of dollars in fuel.

Our concerns regarding City Hall, the center of our municipal operations particularly as we house our Emergency Operations Center activated when a Hurricane/Storm/Natural Disaster is on the horizon, led us to seek and receive a Grant of more than 1.8 million dollars from FEMA to harden our City Hall building against storms. We have other critical grants in the pipeline for Fire Station 1 and several lift stations. This Grant represents an outstanding Team effort. See attached press release from FEMA.

As your Manager working with our City Team, we will continue to work on endeavors, programs and projects that enhance the quality of life of our Citizens while ensuring we stay focused on public safety, aesthetics, customer service and all other priorities of the City Commission.



FEMA

Aug. 13, 2019
DR-4337-FL NR 324
FEMA News Desk: (202) 718-0652

News Release

FEMA Awards City of Dania Beach More Than \$1.8 Million To Harden City Hall Building Against Storms

ORLANDO, Fla. – The City of Dania Beach will receive a more than \$1.8 million federal grant to make its city hall building – which also houses the city’s emergency operations center – more resistant to wind damage and to install a back-up generator.

The Federal Emergency Management Agency’s Hazard Mitigation Grant Program (HMGP) has approved \$1,804,125 to retrofit the building on West Dania Beach Blvd. with high velocity hurricane zone (HVHZ) large missile impact rated windows and doors. The funds will also be used for hardening the building envelope, placing wind protection on other openings such as vents, louvers and exhaust fans, and installing a back-up generator and fuel supply. All installations will be in strict compliance with the Florida Building Code or Miami Dade Specifications, and all materials will be certified to meet wind and impact standards.

Funding for this HMGP project is authorized under Section 404 of the Robert T. Stafford Act, the 1988 law that governs FEMA’s disaster-related activities.

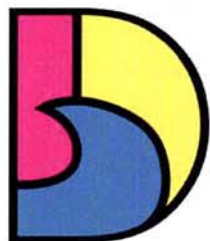
FEMA’s Hazard Mitigation Grant Program is an important source of federal disaster assistance. HMGP funds may become available following the president’s declaration of a major disaster, and help strengthen communities by improving buildings, facilities and infrastructure that people use every day. A 2018 report from the National Institute of Building Sciences found that one dollar spent on hazard mitigation will save more than six dollars of recovery and rebuilding costs.

Generally, HMGP may provide a state, tribe or territory with additional grants up to 15 percent of the total disaster grants awarded by FEMA for a federally-declared disaster. States such as Florida that meet higher mitigation planning criteria may qualify for a higher percentage.

Florida has a FEMA-approved Enhanced Mitigation Plan, making the state eligible for HMGP funding not to exceed 20 percent of the estimated total amount of money spent by FEMA on disaster grants in the Hurricane Irma disaster. From this amount, HMGP reimburses the state up to 75 percent of eligible costs for mitigation projects. The remaining amount comes from other sources such as state and local assets and a combination of cash and in-kind sources.

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FEMA’s mission: Helping people before, during, and after disasters.



DANIA BEACH
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CITY OF DANIA BEACH OFFICE OF THE CITY MANAGER

MEMORANDUM

DATE: August 21, 2019

TO: Ana M. Garcia, , ICMA- CM, City Manager

FROM: Candido Sosa-Cruz, Assistant City Manager

RE: **City RFP No. 19-011 Social Media Update**

Madame Manager, earlier this year the City Commission directed the City Administration to put out a Request for Proposals (RFP) to enhance our social media presence and increase citizen engagement. On August 9, 2019, we prepared City RFP No. 19-011 to enhance and support the City's social media pages, increase citizen engagement, update our website and provide graphic design services as needed.

As you are aware, in the last five months we have worked very hard to increase citizen engagement and social media content on our City Facebook page. Additionally, we are currently updating and providing new content to our City webpage. Katia Bordy our Public Information Officer is taking the lead on these endeavors and is doing an outstanding job. On top of working hard on social media and our webpage, Katia has successfully received her FAA drone license and is training herself in utilizing the drone for aerial photography and high definition videos. We are very excited of the potential and outcome of the drone utilization.

A hybrid of in-house staff along with outside contractual support will increase our quality and quantity of work, resulting in a higher level of service delivery. The benefit of a hybrid approach is that a contractual company can bring in someone with very specific skill set to take on a particular task such as developing a Social Media Citizen Engagement Strategy and providing specific graphic design services while our in-house team member can continue working on her projects without any interruptions to service delivery.

On Tuesday, August 20, 2019, we posted Addendum No. 1 answering questions proposers have sent us regarding City RFP No. 19-011. The City will accept sealed proposals for City RFP No. 19-011 until 10:00 a.m. on Friday, September 6, 2019. I will keep you updated regarding this RFP and if any additional addendums are issued.

Thank you.



**CITY OF DANIA BEACH
OFFICE OF THE CITY MANAGER**

MEMORANDUM

DATE: August 21, 2019

TO: Ana M. Garcia, , ICMA- CM, City Manager

FROM: Candido Sosa-Cruz, Assistant City Manager

RE: City of Dania Beach Chamber of Commerce Office Location Update

Madame Manager, as you are aware we have had to deal with a multitude of challenges at the Nyber-Swanson House. Upon your inspection of the conditions at this property we obtained quotes from indoor air quality and testing companies. We contracted with Green Shell Consulting, LLC and they performed bioaerosol air testing within the Nyberg-Swanson House on July 16, 2019, as part of the indoor air quality inspection. The final results of the report recommended the following among other recommendations:

- Air scrubbing and microcleaning
- All windows should be restored and properly sealed around the glazing and perimeters as well as all other exterior seams.
- Replacing the damaged insulation in the attic access corners of the loft area.
- Conduct lead based paint testing prior to any repairs to the windows or any remediation.

Based on the inspection results, a microbial abatement and micro-cleaning treatment will be scheduled once we receive quotes from viable firms for mold remediation.

In the mean time we contacted various businesses and developers within the City to locate a temporary office for the Dania Beach Chamber of Commerce. We were able to locate an office space in a shopping center on Dania Beach Boulevard across from the Casino. Unfortunately, the office space is only free of rent for three months, after the three months it would cost approximately \$1,700 per month. This monthly rent does not include: electricity; cable, water and renovating the office space to suit the Chamber's needs.

We continued searching for a better option and were able to find an office space at City Hall. In order to do so, we accommodated some contractual staff to open up space for a Chamber of Commerce office. We are also communicating with Cubesmart Self Storage to store the Chamber's filing cabinets, equipment and other office supplies needed. I will keep you updated on the actual move date.

Thank you.



CITY OF DANIA BEACH PARKS AND RECREATION DEPARTMENT

MEMORANDUM

DATE: August 27, 2019

TO: Ana M. Garcia, City Manager, ICMA-CM

FROM: Eric Brown, Parks & Recreation Director

SUBJECT: 2019 End of Summer Camp Recap

REQUEST

End of summer camp (recap)

BACKGROUND

C.W. Thomas Park in partnership with Literacy Connection, Inc.

- Averaged twenty (20) summer camp children daily and twenty-two (22) walk-ins
- Summer Break Spot served thirteen hundred (1,300) meals this summer (free walk-in lunch meals were also provided)
- This camp attended six (6) field trips this summer
- Literacy Connection and the C.W. Thomas Park staff worked in great partnership
- Ten (10) campers attended the City of Dania Beach inaugural fishing event sponsored by our very own BSO

Frost Park

- Averaged forty-one (41) children per day
- Camp participants attended a total of fourteen (14) field trips
- Camp staff was innovative and creative in providing daily indoor and outdoor activities that included arts and crafts, non-stove cooking projects, a crazy sock day, kick ball, football, and an end of the year summer bash to commemorate Parks and Recreation Month; all of Dania Beach summer camps came over to Frost Park for fun, food, and water activities
- Twelve (12) campers attended the City of Dania Beach inaugural fishing event sponsored by our very own BSO

P.J. Meli Park

- Averaged one hundred (100) swim lessons per week, over 750 kids participated in swim lessons this summer
- Averaged fifteen (15) tennis lessons this summer
- Summer Break Spot served five hundred and twenty (520) meals this summer (free walk-in lunch meals were also provided)

Beach (Junior Lifeguard Program)

- One hundred and thirty-three (133) Junior Lifeguards participating in the program with five (5) Lifeguards overseeing the program
- Our Junior Lifeguards participants learned how to open water swim, paddleboard, kayak, rescue swimmers in distress, and identify fish on the coral reef
- Participants shared in team building events such as: rescue relays, paddleboard relays, run relays, and mixed relays
- On Wednesday's, the Junior Lifeguards had a reef day which included: paddling, kayaking, and swimming the length of the pier to the coral reef to identify a variety of fish species
- A professor from FAU Sea Tech conducted presentations on bees and beekeeping
- We are grateful for the Quarterdeck Restaurant who sponsored lunch for the Junior Lifeguards; as they enjoyed lunch from the restaurant front balcony

BUDGETARY IMPACT

\$300.00 per child, residents of Dania Beach (summer camp)

\$400.00 per child, non-residents of Dania Beach (summer camp)

Swim lessons \$3.20 per lesson, once a week for eight (8) weeks at P.J. Meli Park

\$80.00 per session, residents of Dania Beach (Junior Lifeguard Program)

\$90.00 per session, non-resident of Dania Beach (Junior Lifeguard Program)

Junior Lifeguard Program

133 total Junior Lifeguards

\$11,290.00 total in registration

\$4,057.50 total expenditures

\$7,232.50 total revenues for the summer

P.J. Meli Park & Aquatics

750 total swim lessons

\$0 total expenditures

\$6,420.00 total revenues for the summer

Frost Park

52 total registered campers

\$21,941.00 total in registration

\$11,144.51 total expenditures

\$10,796.49 total revenues

C.W. Thomas Park

22 total registered campers

\$7,400.00 total in registration

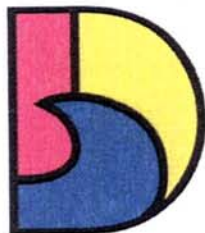
\$2,100.00 total expenditures

\$2,220.00 total revenues (30%) split - in-kind donations

Total summer camp revenues for all sites, \$26,668.99

RECOMMENDATION

For your review



DANIA BEACH
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CITY OF DANIA BEACH PUBLIC SERVICES DEPARTMENT

MEMORANDUM

DATE: August 21, 2019

TO: Ana M. Garcia, ICMA-CM, City Manager

VIA: Candido Sosa-Cruz, Assistant City Manager

FROM: Fernando J. Rodriguez, Public Services Director

SUBJECT: PROJECTS UPDATE

The projects summarized below are those most recently completed or nearing completion. These efforts will enhance the safety, health, welfare and beautification of the city. The list also reflects the diverse areas and disciplines that the Public Services Department is involved in day in, day out. Though only seven weeks as this department's leader, I am extremely impressed with the staff's commitment, dedication and competence level. Accordingly, I feel truly fortunate and proud to be part of this fine Team and look forward to contributing significantly to Dania Beach's bright future.

Project Name: BEACHFRONT PARKING AND PIER REFURBISHING

Background

The beachfront parking lot and adjoining "boardwalk" style pier and parking ramp have not been properly maintained over the past several years. This included the parking lot pavement, pavement markings, signage, and sections of the landscaping. In addition, the wood access ramp to the on-site restaurant and pier have been severely impacted by its constant exposure to the elements and salt air and also required repairs.

To date, Public Services completed well over half of the overall project. The wooden ramp and pier structure repairs are nearly complete (over 350 wood planks were replaced) and roughly 40 percent of the parking lot work is complete.

In addition to improving safety (particularly in the wooden pier and ramp structures) this project will result in more aesthetically pleasing facility for all residents and visitors to enjoy. Completion is projected for mid-September.

Budgetary Impact

Approximately \$25,000.00 will be spent on the repairs of the boardwalk access ramp and pier and funded from Account #405-72-15-572-62-10, "Pier Operations Buildings".

Sealcoating and striping on sections of the parking lot will cost roughly \$10,309.00, to be funded from account #001-39-06-541-46-60, "Repair and Maintenance - Streets".

\continued...

MEMORANDUM

August 21, 2019

RE Public Services Projects Update

Page 2 of 4

Additional supplies such as signage, posts and paint will come from Public Services' operating budget, with the work being performed by in-house crews.

Project Name: IMPROVEMENTS TO INTERIOR OF BROWARD SHERIFF'S OFFICE (BSO) POLICE STATION AND SUB-STATION

Background

The BSO police stations reported a number of maintenance and repair items mostly resulting from normal wear and tear due to the facility's 24-hour use. Public Services facilities staff addressed these items, which ranged from painting the common areas and repairing closet doors to repairing light fixtures and completing minor air conditioning repairs. In all, over 35 repairs were performed. This in-house work resulted in an improved work environment for BSO staff, who provide a critical service to the Dania Beach community.

A secondary but very meaningful result of this effort was calling attention to Public Services' need to be more proactive in its facilities maintenance approach going forward. To this end, an inspection procedure is being put in place to better address facilities needs in the future.

Budgetary Impact

The work was performed by in facilities maintenance staff using operating supplies within the annual operating budget.

Project Name: COMMISSION CHAMBERS REFURBISHING

Background

The Chambers had not been refurbished in years, and it became evident that some sprucing up was required. The Facilities Division coordinated with contractors to improve the aesthetics of the large space. The specific paint type and color for the walls, doors, dais, and railings, as well as other items such as the wall art replacement were selected by the Vice-Mayor. In-house staff completed miscellaneous items such as cleaning the light lenses on the high ceiling. The project was completed by the first commission meeting in August.

Budgetary Impact

The cost of refurbishing lift station #7 was \$9,340.00 which was funded by Account #107-15-02-524-46-40, "Repair and Maintenance - Buildings".

\continued...



CITY OF DANIA BEACH PUBLIC SERVICES DEPARTMENT

MEMORANDUM

MEMORANDUM

August 21, 2019

RE Public Services Projects Update

Page 3 of 4

Project Name: NEIGHBORHOOD DRAINAGE IMPROVEMENT

300 block of NE 3rd Terrace

Background

A section of the block which was prone to significant flooding during periods of even moderate rainfall was addressed in the month of August. Work included the installation of a catch basin, drainage pipe and reconstruction of two driveway aprons and adjoining sidewalks. The drainage improvements resulted in improved aesthetics of the swales and enhancing the health and quality of life of the residents in the vicinity.

The work was performed by in-house crews and the concrete repairs was completed by a contractor.

Budgetary Impact

The concrete work at a cost of \$6,800.00 will be funded from Account #001-39-06-541-46-40.

Project Name: VEHICLE AUCTION

Background

Over the years, the city has kept vehicles and equipment on its premises which have been replaced with new stock as part of normal fleet replacement cycles. Although no longer in use, this inventory of aged vehicles still has value, and upon reaching a certain number becomes a burden in terms of storage space requirements. Fleet management best practices call for the auctioning off of these accumulated inventories on a batch basis, that is, when a sufficiently large group of pieces have been accumulated.

Public Services has is planning to auction off over 20 light duty vehicles which are no longer in service. The auction, projected to take place in September 2019 will be conducted by a professional auctioneer and is expected to yield between \$50,000 to \$70,000 in revenue.

\continued...

MEMORANDUM

August 21, 2019

RE Public Services Projects Update

Page 4 of 4

Budgetary Impact

None.

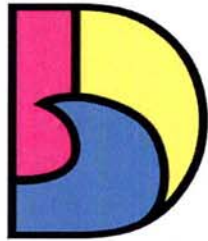
Project Name: LIFT STATION #7 REFURBISHING

Background

Sanitary sewer lift stations are critical to maintaining the health and welfare of a city's residents. These stations pump sewage from residences and commercial establishments through a network of transmission pipes to the appropriate treatment locations. Public Services began the process of refurbishing its older lift stations roughly 5 years ago. Lift station #7 is our largest station, serving nearly 500 properties across the northwest and parts of the southwest sections of the city. Its refurbishing was substantially completed in July 2019. While the station is in full operation currently, the telemetry equipment and emergency generator are projected to be completed in the next two to three months.

Budgetary Impact

The cost of refurbishing lift station #7 was \$600,000, which was funded by Account #402-35-26-535-63-10, "Infrastructure Improvements Other than Buildings".



DANIA BEACH
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CITY OF DANIA BEACH PUBLIC SERVICES DEPARTMENT

MEMORANDUM

DATE: August 21, 2019

TO: Ana M. Garcia, ICMA-CM, City Manager

VIA: Candido Sosa-Cruz, Assistant City Manager

FROM: Fernando J. Rodriguez, Public Services Director

SUBJECT: STAFFING UPDATE

The Public Services Department, under its new leadership and in conjunction with Human Resources Department has focused sharply on putting together its leadership team. Below is a summary of our important accomplishments in this regard:

Assistant Director Marjorie Craig, P.E. – new hire

Marjorie joined us the week of August 20th and brings substantial experience in the public works/public services field. Having worked as Utilities Director for Polk County and Delray Beach over the past five years, she has a very strong and diverse utilities background and is extremely knowledgeable of environmental regulations. She also served as director of the Water Supply Department at the South Florida Water Management District. A licensed Professional Engineer in the state of Florida and seasoned in capital projects, budgeting, as well as operations, Marjorie will undoubtedly make a great contribution to the PS Team!

Colin Donnelly, CIP and Grant Administrator – new hire

Colin has substantial experience with the City of Dania Beach, having been in the role of Assistant City Manager for 12 years. While active in his own consulting firm over the past several months, he has specialized in local government work in the areas of grant writing, administration of grants and project management/coordination, Colin has been engaged in important work for the city, recently succeeding in being awarded a \$1.8M grant for facilities hardening (to include impact windows and an emergency generator). Colin interviewed for the new and extremely important position of CIP and Grants Administrator. He was chosen from among several candidates and we are fortunate to be able to bring on someone with not only a strong skill set, but with such extensive knowledge of institutional history and current projects and grants. He should prove to be highly valuable to the success of Public Services.

Carl Kallicharan, Field Superintendent – promotion (reclassification)

Prior to the month of June, Public Services Department endured a period where the three top leadership positions were vacant. During this multi-month period, Carl Kallicharan stepped in to fill a much needed administrative and field manager role. He made an effective transition from

MEMORANDUM

August 21, 2019

SUBJECT: STAFFING UPDATE

Page 2 of 2

Landscape Manager to Acting Director, and upon the hiring of the current Director, Carl stepped in the role of Acting Assistant Director and worked effectively with (and provided important orientation to) the new Director. He weathered challenging times but through his knowledge, dedication and strong interpersonal skills was able to keep departmental operations running smoothly.

Carl is a Certified Arborist and a seasoned field operations leader who has been with Dania Beach for nearly five years. This recommendation for reclassification is part of the proposed FY2020 City Budget.

Darren Greene, Utilities Manager – promotion

Darren has been with Dania Beach's Public Services Department for 18 years and is thoroughly knowledgeable of water, sewer, and stormwater operations in the city. He has 10 years' experience as of sewer mechanic (SM) and has received important training and certifications, including Water Distribution Level 3, Sewer Level B. Darren has several years of field supervisory experience and reached SM 3 level. Along the way, he also became a certified Stormwater Inspector. He interviewed for the position in August and was chosen to fill the vacancy of Utility Manager. We are fully confident that Darren will provide the needed leadership and direction to the very important Utilities Division.



**CITY OF DANIA BEACH
BROWARD SHERIFF'S OFFICE (BSO)**

MEMORANDUM

DATE: August 21, 2019

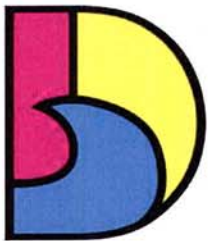
TO: Ana M. Garcia, , ICMA- CM, City Manager

FROM: Captain Daniel J. Marks

RE: Broward Sheriff's Office Dania Beach Fishing Excursion

On Friday August 9th the BSO Dania Beach District hosted an inaugural fishing event for over 25 teens at Boaters Park (North side of Dania Cutoff Canal, west of Anglers Avenue / Ravenswood Rd (To the rear of the fire rescue logistics warehouse). The Sheriff's Office Public Information Officer attended along with our Dania Beach PIO. Mayor Lewellen and Commissioner James greeted the teens and participated as well. Many media outlets also showcased the event on television and social media. This event provided teens the opportunity to interact with Deputies and learn about fishing. The teens were chosen from our Dania Beach summer camps and transported to the event location by the City of Dania Beach Parks and Recreation Staff. Parks and Recreation also provided a lifeguard at the event for safety. Several BSO Dania Beach firefighters also assisted as well as Fire Chief Pellecer. It was a team effort amongst many of the Dania Beach departments. The event commenced at 9:30 am and ended with lunch which was generously catered by PDQ. We had numerous sponsors such as Dusky Marine and Bass Pro Shops who provided rods, reels and tackle. Anglers Bait and Tackle provided all of the bait.

After seeing the positive results of this event, we are discussing future events like this. We are also discussing the opportunity of hosting a fishing camp possibly during winter break when students are out of school. I would like to thank all of those who participated and helped make this inaugural fishing excursion a success.



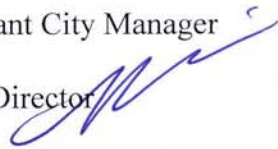
DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

CITY OF DANIA BEACH COMMUNITY DEVELOPMENT DEPARTMENT STAFF REPORT

DATE: August 21, 2019

TO: Ana M. Garcia, City Manager, ICMA-CM

VIA: Candido Sosa-Cruz, Assistant City Manager

FROM: Marc C. LaFerrier, AICP, Director 

RE: ULI Leadership Services for the Ocean Park Project

The Urban Land Institute (ULI), Southeast Florida/Caribbean Region, Leadership Institute provides professional consulting services to local governments and non-profits for important and challenging land use and real estate projects. These services are provided at no charge to one City. Each year, the ULI Leadership team accepts applications from various organizations. These applications are evaluated and awarded on a competitive basis.

The City intends to take a public yet entrepreneurial approach to the implementation of the Master Plan and revitalization of Ocean Park and Beach. Recognizing the significance of the effort, complications of implementation and public need; the City will look toward proven and innovative methods to accomplish the project objectives.

The ULI's Leadership team will provide the City will objective, professional expertise and experience in design, development and project implementation. The ULI's Leadership Institute is qualified to assist the City on this project because of its' public and private sector experience in various contexts, projects and environments. Specifically, the City will look for the ULI innovative and contemporary means to analyze plans and data, and define strategies and solutions that will guide decisions on key project issues related to:

- Private public partnerships (P3)
- Sea-Level rise strategies and designs
- Economic development and real estate matters
- Development of revenues and financing
- Marketing and management
- Intergovernmental coordination and regulatory affairs
- Project timing and integration

The City submitted the application for the Ocean Park project to the ULI on August 1, 2019. Subsequently, the ULI has contacted the City and we are awaiting notice on the ULI decision.



Harness the experience, skills, and strength of ULI's Leadership Institute to solve your organization's land use and real estate challenge. Submit a proposal for a 2019-2020 Leadership Project today.

DEADLINE: AUGUST 1ST 2019

**SOLUTIONS FROM
THE REGION'S NEXT GENERATION
OF INDUSTRY LEADERS**

ULI Southeast Florida/Caribbean is seeking proposals for Leadership Projects for the upcoming academic year of the Leadership Institute. Leadership Projects (LPs) are pro bono advisory service projects offered through the Leadership Institute that seek to provide solutions to tangible land use and real estate challenges faced by local public entities and non-profit organizations.

SUBMIT A PROPOSAL

Submissions due August 1st, 2019

Email all info to eralda.agolli@uli.org

WHAT WE DO

Address tangible land use & real estate challenges faced by non-profit entities throughout the region. Similar to ULI's Technical Assistance Panels, Leadership Projects seek to provide expertise and solutions on local land use issues.

HOW WE DO IT

Through a collaborative nine-month process, Leadership Project Teams work with clients to scope, research, and analyze their particular land use challenge before developing strategies, solutions, and recommendations.

WHAT YOU GET

Expert advice, strategies, and recommendations on your organization's issue from a multidisciplinary ULI team composed of the region's next generation of land use and real estate industry leaders.

ABOUT THE LEADERSHIP INSTITUTE

ULI Southeast Florida/Caribbean's Leadership Institute prepares and educates the next generation of community and industry leaders who share ULI's commitment to growing and sustaining thriving communities. The program provides a powerful local resource to help guide the responsible development of the region, educating participants on the most critical issues of land use and community development and growing a network of leaders that will guide our communities into the future.

THE DETAILS

Proposed Leadership Projects should be tangible real estate issues where clients require direction and advice to solve a problem they may not otherwise have the resources or funds to address.

Leadership Project Teams will work with clients to:

- Define the problem, expectations, and scope of services, develop overall objectives, and determine questions to be addressed by the project.
- Gain well-rounded knowledge and insight on the issue through interviews with stakeholders and industry experts.
- Develop, prepare, and present detailed findings, conclusions, recommendations, and implementation strategies.

Participating Clients must commit to:

- Being available and responsive to the Leadership Institute committee and the Leadership Project team throughout the process.
- Being cooperative, open, and transparent about issues surrounding the project, and communicate concerns and issues quickly and consistently.
- Leading efforts to produce and compile briefing materials and coordinate stakeholder involvement.

SUBMISSION PROCESS

Let us know what your proposed Leadership Project is and how it would benefit you to have ULI involved. Once we have received your submission, our committee leaders will connect with you to discuss and determine the viability of the project. If selected, your Leadership Project Team will work with you Fall 2019 through Spring 2020.

Please send a brief written submission that includes:

- A description of the problem/issue that would be the focus of the Leadership Project (LP) and an overview of why a project is needed.
- An overview of how this issue relates to your organization's mission, plan, or function, and your organization's history with the issue, highlighting any previous or current steps or strategies to address it.
- An explanation of the ultimate objective for the project, why a LP is timely, and how ULI can help.
- A description of your organization and any key partners or stakeholders
- Who we may contact to discuss the submission.

Direct submissions and questions to:

Eralda Agolli, Senior Manager, ULI Southeast Florida/Caribbean
eralda.agolli@uli.org

Or contact ULI Southeast Florida/Caribbean at:

954. 916. 7329 | www.seflorida.uli.org | sefloridacaribbean@uli.org

“ Working with the Leadership Institute to address two important urban development initiatives was incredibly rewarding for our organization. It's rare to be able to capture the energy and expertise of such a diverse array of industry leaders, and we hope to be selected for a Leadership Project again in the future. ”

— Jenni Morejon
Executive Director, Fort
Lauderdale DDA

WHO IS ELIGIBLE

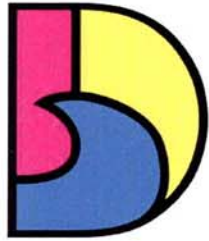
Public agencies, governments, and non-profit organizations facing complex land use and real estate challenges in the Southeast Florida region.

PAST PROJECTS

Efficient City Campus
Clients: Fort Lauderdale DDA,
Broward County, and the City of Fort
Lauderdale

Omni Life Village & Overtown
Community Farm
Client: Inhabit Earth

Vibe 305 Cafe / Culinary Training
Client: Empowered Youth Miami



DANIA BEACH
SEA IT. LIVE IT. LOVE IT.

CITY OF DANIA BEACH MEMORANDUM

DATE: August 27, 2019
TO: The Honorable Mayor and Commissioners
FROM: Sergio Pellecer, District Fire Chief
VIA: Ana M. Garcia, ICMA- CM, City Manager
SUBJECT: District Fire Chief Report

As you know, I hit the ground running with becoming Dania Beach's first District Chief.

I attended the school supply event held at Five Below with our Police department and wife who happens to teach at Bethune. Met with superintendent of the school board Mr. Runcie at this event. I have also attended the Inaugural Fishing Day with our Police Department counterparts along with fire rescue units. One of our firefighters coached a young man who caught the biggest fish of the day. I attend the Dania Lions Club dinner that honored our very own Bobbie Grace and Nancy Vaniman the Executive Director of the Broward Sheriff's Advisory Council. Most recently, I attended the Dania Beach Chamber of Commerce Luncheon.

I have been working on Station 1 and 17 with ordering supplies. Station 1 Urinals have been replaced. The urinals were paid from BSO budget.

I secured through the help of Chief Holness and yourself monies to help us purchase a rescue vehicle.

I have attended budget, staff meetings with BSO, and EOC meetings.

I have worked on new fire station build and diagrams.

Secured a brand new Air Conditioning Unit for our building. It was over \$4800.00 that also came from BSO Budget.

Completed new floor and office equipment for my office and was able to get this through BSO budget process.

Most importantly there has been progress made on preparing for the ISO inspection coming in November.



CITY OF DANIA BEACH

COMMUNITY DEVELOPMENT DEPARTMENT

STAFF REPORT

DATE: August 21, 2019

TO: Ana M. Garcia, City Manager, ICMA-CM

VIA: Candido Sosa-Cruz, Assistant City Manager

FROM: Marc C. LaFerrier, AICP, Director 

RE: Ocean Park Master Plan and Dania Beach Grill

Project Background

In 2014, the City Commission unanimously adopted the Dania Beach Ocean Park Master Plan. The City Commission also recently reaffirmed the Ocean Park Master Plan as incorporated with the adoption of the City's Park Master Plan. On June 11, 2019, the City Commission by consensus, unanimously agreed to pursue solicitation for the development of a new beach grill restaurant with event space and adaptive reuse of the existing beach grill building.

On July 25, 2019, the City adopted Resolution No. 2019-063, authorizing the City Manager to enter into a "Piggyback" Agreement for real estate brokerage and lease manager services with Colliers International South Florida, LLC. On July 15, 2019, the Agreement was fully executed.

Project Description

The implementation of the Ocean Park Master Plan is complex and dynamic, yet the opportunities and benefits are significant and meaningful. The interrelated challenges for this project are environmental, economic, financial and physical.

Although the Master Plan provides a clear vision for the future, various interests will need to be negotiated. The property is public with other jurisdictions involved, there will be oversight from layers of governmental agencies and negotiated resolutions with private enterprises and property owners. Sea-level rise will have an important impact on the environment and infrastructure design and costs. Significant revenues, obligations and expenditures will be need to be balanced in order to implement the Master Plan.

The project has been planned in three (3) phases of development that can be modified based on need, integration and available funding. The project will involve significant funding in public and private investments that will result in new business and institutional opportunities, environmental restoration, new infrastructure and state-of-the-art passive and recreational facilities.

Project Update

The City is currently proceeding with a strategy to implement the Ocean Park Master Plan (including a rehabilitated Beach Grill building and new Beach Grill restaurant).

Along with Colliers, EDSA, Inc. (the design professionals that prepared the Ocean Park Master Plan) has been contracted, on a limited basis at this time, to provide consulting services. Furthermore, the City has requested consultation services from the Urban Land Institute (ULI) Leadership Institute. If accepted, the ULI will provide multi-faceted professional services for this project at no charge to the City (these services are described further under separate cover).

The FDOT, FAU, City of Hollywood and nearby property owners are key stakeholders that will need to be involved with this project. The City has begun dialog with these stakeholders to gain their support and cooperation.

Due to the scale, diversity and timing of this project, various approaches will be needed in order to implementation of the Ocean Park Master Plan. For example, a public/private partnership (P3) may be appropriate for the commercial components of the project, grants and enterprise funds may be used for infrastructure components; and institutional partnerships may be used for environmental, educational and recreational components of the project.

After the initial evaluation and updates to the plan and further coordination with the key stakeholders is completed, a specific project(s) can be identified and a detailed implementation plan can be defined. Various and numerous City Commission actions, budgets and approvals will need City Commission consensus and approvals. These actions will be identified and included in the scope of the project.



CITY OF DANIA BEACH HUMAN RESOURCES DEPARTMENT

MEMORANDUM

DATE: August 20, 2019

TO: Ana Garcia, City Manager, ICMA-CM

FROM: Paula Morrell, MHRM, HR/Risk Management Director *PM.*

RE: HR Update for Manager's Report for August 27th Meeting

Personnel Policy Manual

Our Labor team submitted a draft of the Dania Beach Personnel Policy Manual to the Employee Handbook Committee on Tuesday, August 20, for the team to review for their comments or suggestions, to be returned to our labor team and me by Tuesday, August 27.

Wellness Committee

The Wellness Committee had their second meeting on July 26th, and priority items for discussion were: walking club – which included ideas such as charity walks like, Breast Cancer Awareness/March of Dimes; flex schedules – 4-day work week proposal; wellness van – once to twice a month. The committee is scheduled to meet again on Friday, August 30th. An overview of the meeting is attached.

Staffing

We have had several significant and key new hires and a promotion in management within the past few months, and they are: New Hires - Public Services Director – Fernando Rodriguez; Deputy Public Services Director – Marjorie Craig, PE; Promotion – Public Works & Utilities Manager – Darren Greene. The Public Services department was functioning without key leadership for several months and has now been fully staffed within a short period of time. We appreciate the help that the Public Services staff members have stepped up to and displayed during this critical time.

Union Negotiations

The City's bargaining team will be meeting with the AFSCME Union bargaining team members for continuing labor/contract negotiations on Thursday, August 22, 2019 at 11:30am. A public notice has been posted.

Wellness Committee Meeting Minutes



Meeting 2: July 26, 2019 | 10:00AM - 11:00AM

Priority Items for discussion:

- a. Walking club
 - a.1. Budget? What is the budget and where is it coming from?
 - a.2. Anthony says that he can get the money from his budget for the shirts depending on the # of employees
 - a.3. Set up location - City Hall/Each department?
 - a.4. Bulletin board in City Hall breakroom - to post walkers club challenge info and winners
 - a.5. Clip on pedometer measurements to be taken monthly
 - a.6. Idea to tie in the walking club with nationwide walks such as Breast Cancer Awareness/March of dimes, etc.
 - a.7. What we will need to begin: shirts, pedometers, measuring tape, & log sheets
 - a.8. Launch date? Intend to send out a survey to see who would be interested in joining (way to pool number of shirts to purchase along with sizes). Anthony will provide verbiage.
- b. Wellness Van
 - b.1. Jenny (manager at Memorial Hospital) is POC for the wellness van and is out currently; update pending
 - b.2. Start date: September/October 2019 between 3-4pm and shooting for once to twice a month
- c. Flex schedule - 4-day work week proposal
 - c.1. If we do 4 day work week with a rotating schedule - technically cannot present as a "green initiative"

Committee Members:

- City Manager's Office - Chris Lottier
- City Clerk - Angel Lunkins (out)
- CRA - DeAndrae Spradley
- CD - Muriel Bryan
- Finance - Adam Segal (out)
- HR - Shannel March
- Legal - Lori Adams
- Parks & Recreation - Anthony Ifedi / Lead
- Public Services - Katia Bordy (out)





**CITY OF DANIA BEACH
BROWARD SHERIFF'S OFFICE (BSO) FIRE**

MEMORANDUM

DATE: August 27, 2019

TO: Ana M. Garcia, ICMA- CM, City Manager

FROM: Sergio Pellecer, District Fire Chief

SUBJECT: District Fire Chief Report

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Dania Press article. New articles for future month's publications. Hydrant lists created and Hydrant flow/maintenance started.