

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY
BOARD OF DIRECTORS TELECONFERENCE
January 20, 2011

Participants:

Robert (Bob) Beers, Jr.	Robert (Rob) Beers, III
Katharine (Kathy) Kile	Ernest (Bud) Miller
Geoffrey (Geoff) Miller	Robert Miller (Rob)
James (Jim) Myers, Jr.	Monica Satrape
Deborah Vaughan	

The Board meeting began at 11 am. Attached is the supporting documentation that was given to all members in advance of the meeting. Patricia R. Emory acted as Corporate Secretary for the meeting.

1. **Approval of December 10 and 29th Minutes:**

Motion was made to approve the December 10th and 29th Meeting Minutes by Robert Beers, III and seconded by Deborah Vaughan. All were in favor, none opposed.

2. **Review of November 2010 Financials:**

Rob Miller explained that cash is up by \$90,000 over last month, receivables are down slightly and payables are up by \$80,000. He went on further to say that Rental Income is down by \$130,000 as a result of yearly CAM reconciliations being budgeted for in November but not done until January.

3. **Board of Director's Meeting Schedule:**

Listed below is the Board of Director's Meeting Face to Face Meeting schedule for 2011:

April 29, 2011
April 30, 2011 (Shareholder's Meeting)
August 4, 2011
November 17, 2011

4. **Director's Qualifications:**

All Board members agreed that the qualifications as prepared are acceptable. Bob Beers stated that he wanted all nominations to be provided to him by January 31, 2011. It was agreed that as many Board members as possible are to attend the face to face meetings as possible.

5. **Report from Audit & Finance Committee:**

Rob Beers said that Alan Gordon's office advised that we should declare a dividend at our Board Meetings at least quarterly.

It was decided that the report from Alan Gordon's office would only be shared with the Shareholders if requested. Rob Beers said that he would prepare a one page summation to be given to the Shareholders.

Rob Beers felt that the controls language in the Audit & Finance Committee minutes of August 27, 2009 was too broad and did not reflect the intent of the Committee. Below is the revised language:

"Management will be required to obtain Board approval if it:

- 1) enters into any contract, excluding leases, with an aggregate value over \$200,000;
- 2) enters into leases to major department stores or other anchor tenants in any of the Miller owned income producing properties;
- 3) enters into any single lease that represents 15% or more of the gross revenues or if the net rentable area of the building affected by the lease; or
- 4) enters into leases of 20,000 square feet or more."

Motion was made to approve the above language by Robert Beers, III and seconded by Robert Beers, Jr. All were in favor, none opposed.

6. **Update on Company:**

- a. Reznick matter: Rob Miller stated that we have settled this matter and that he is awaiting the documents from our attorney.
- b. Haymount: Rob Miller reminded everyone that we have been sued by the Trustee for fraud. He explained that he has filed a claim with our insurance carriers. We should be covered under our Directors & Officers coverage through CNA. CNA, unfortunately, has denied the claim saying we should have notified them of the first case. Our attorneys are working with CNA to get them to see things our way. In the meantime we still need to respond to the Complaint. Our answers were filed last week through Holland & Knight. Rob Miller explained that over the next 4 months we will be spending approximately \$50,000 to \$75,000 to defend this case. If the insurance company does not step in to defend us we will need to spend over \$100,000.
- c. Leasing:
 1. Vika: Rob Miller stated that we are working with them to expand their operations. They want a right to terminate the lease which makes the deal

costly when you consider the commission and tenant improvements that will need to be paid up front.

2. Dermatologist: Rob Miller stated that we are working with a doctor from Foxhall Road to take one half of the Kane & Davis former space.
3. MedStar: They will be taking Perlman's space when he vacates. They will have a clinic there with extended hours to meet the needs of their patients. The deal is a retail deal at \$44.00 triple net. Rob Miller explained that we are in the lease reviewing process with them.
4. 4301 50th Street: AU will take the balance of the lower level. We will just roll this space into their existing lease. All we have to do is demo the space. Rob Miller explained that there is interest from a government contractor for the entire 1st floor of the building.
5. Shops at Sumner Place: Subway lease should be finalized first part of next week. Kick's Karate will be taking the former Booktopia space and the Video Store. Tischler Bise is moving into a smaller space on the 2nd floor South with a new 5 year lease. Rob Miller explained that after talking with McShea it was decided that it would be prudent to have a few spaces ready to rent "As Is" in that this seems to be what the market is looking for at this location.
6. Sumner Highlands: Holding at @97 to 100% leased. New manager is doing a terrific job. Property was \$26,000 in positive cash flow for the month of November.
7. Lots in Montgomery County: Rob Miller explained that he has entered into a Purchase Option with a local builder who will put a house on the lot for just under \$700,000. He further explained that we are still marketing the lots separately so we get double exposure on them and the purchaser does not have 1st right of refusal should we get a purchaser for the lots.
8. Retail Leasing: Rob Miller explained that he terminated our arrangement with KNLB and has entered into a six month agreement with StreetSense. He explained that he will be having a full day meeting with them in February.
9. Chicken Out: Rob Miller explained that they did not exercise their option to renew so we should be getting this space back at the end of their term. He further explained that we will be able to get much higher rental rates for the property. McShea is quoting \$70 to \$80 a foot versus \$30 we are receiving from Chicken Out.

10. PNC Lawsuit: Rob Miller explained that we are trying to come to some type of settlement with them. We are, though, currently working on providing them discovery and conducting depositions.

7. **Report from Executive Compensation Committee:**

Debbie Vaughan explained that she received proposals from two companies. It was discussed how the process would work and it was agreed that Debbie would approve everything and then send to Patty Emory for payment.

Motion was made by Deborah Vaughan to engage the services of Dean Group Consulting and Veritas with a total budget of \$10,000 and seconded by Robert Beers, III. All were in favor, none opposed.

8. **Shareholders:** It was agreed that a letter needs to be sent immediately to them stating that the Annual meeting has been moved to April 30, 2011. Additionally, the Year-End Financials will be sent to them along with the first quarter update as was done last year.

There being no other business the meeting adjourned at 12:35 pm.

Patricia R. Emory, Corporate Secretary

March 11, 2011
Approved