

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY
BOARD OF DIRECTORS TELECONFERENCE
October 7, 2011

Participants:

Robert (Rob) Beers, III	Katharine (Kathy) Kile
Paul (Jay) Maddock, Jr.	Ernest (Bud) Miller
Geoffrey (Geoff) Miller	Robert Miller (Rob)
James (Jim) Myers, Jr.	Deborah Vaughan

Michael Fallon was absent and Robert Beers, Jr. was present for part of the meeting. The Board meeting began at 10 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 September 9, 2011 Minutes:**

Motion was made by Paul Maddock to approve the September 9, 2011 Meeting Minutes and seconded by Deborah Vaughan. All were in favor, none opposed.

2. **Review of August 2011 Financial Statements**

Rob Miller explained that August's Financial look at little different due to the refinance of the Spring Valley Retail Center with Cardinal Bank. He explained that the loan fees, when the property is financed, have to be capitalized and amortized over the term of the loan. Once the loan is replaced, these costs must be expensed in the month that the loan is replaced. Additionally, Rob Miller explained that the Rent Income and Rent Expenses are off due to the write-off of some of the 3 year CAM expenses that had been billed incorrectly for Long & Foster, Safeway and CVS. Further, Rob Miller explained that we had forecasted that the Subordinated Debentures and Washington Securities loan repayments would be occurring in September but actually occurred in August.

3. **Board Meeting Schedule**

All have agreed with the schedule outlined below. A discussion occurred regarding whether or not we need two full days for the face to face meetings. It was decided that these dates would stay on the calendar for scheduling purposes and if it is determined, closer to the date of the face to face meeting, that two days are not needed then the calendar will be adjusted accordingly.

October 7, 2011	Telephone Conference
November 16 & 17, 2011	Face to Face Meeting
December 9, 2011	Telephone Conference
January 18 & 19, 2012	Face to Face Meeting
February 10, 2012	Telephone Conference

March 9, 2012	Telephone Conference
April 19 & 20, 2012	Face to Face Meeting
April 21, 2012	Annual Shareholders Meeting
May 11, 2012	Telephone Conference
June 8, 2012	Telephone Conference
July 11 & 12, 2012	Face to Face Meeting
August 10, 2012	Telephone Conference
September 7, 2012	Telephone Conference
October 12, 2012	Telephone Conference
November 14 & 15, 2012	Face to Face Meeting
December 14, 2012	Telephone Conference

4. **Company Update**

- a. Budget: Rob Miller explained that he had finalized the McShea budget yesterday and that he hopes to have the Consolidated Corporate Budget completed in the next day or so.
- b. Refinancing the Shops at Sumner Place: Rob Miller explained that the financing package was sent out this week from the Phillips Company. The goal is to refinance the property for \$30 million with an interest rate of 5% and a forward commitment. It was determined that the loan to value ratio will be 56% due to the significant reduction in the interest rate.
- c. National Geospatial Agency (across the street from the Shops at Sumner Place): The existing tenant has moved out as of the end of September. The new tenant will be the Intelligence Campus Community Bethesda under the US Department of Intelligence. They will begin Phase I of the project in November 1011 which entails the reconfiguration of the cuing of the vehicles onto the property as well as the configuration of the parking facilities with the construction of a 2400 space parking garage. Phase II will be the connecting of all of the existing structures to one another. This project should take approximately 3 to 5 years. This change in tenancy means that we have lost @3,000 customers to our shopping center but so far we have not seen a significant drop in gross sales.
- d. Bethesda Market: Rob Miller explained that the tenant had recently vacated the property. The tenant had been trying to sell the store for the past 2 years but was unable to find a qualified purchaser.
- e. Ballet Petite: Rob Miller explained that the dispute has been settled and that the Tenant has been renewed for an additional five years. The deal was structured such that the Tenant will be reimbursing the Company for the outstanding CAM charges and our legal expenses plus 8% interest. Additionally, each year she will have an automatic 3% increase.

5. **Haymount**

Rob Miller explained that there is nothing new to report in that we are still awaiting the ruling from the Court on our Motion to Dismiss. He further explained that he will be sending an e-mail around to all of the Board, requesting the approval of the Board for the expenditure of monies in the Haymount litigation over what was budgeted and/or approved in a prior meeting so that we will be in compliance with our internal controls so that we will not have an issue when the Agreed Upon Procedures Report is prepared.

6. **Sumner Highlands, LLC**

Rob Miller stated that he had met with a tax attorney from Holland & Knight who is in the process of putting together an analysis of the tax consequences should we move the interest of this entity into the individual shareholders. The report should be ready by the November 17, 2011 meeting.

7. **Governance and Nominating Committee - Board Assessment Questionnaire**

Jay Maddock asked when the questionnaire should be circulated among the Board members and Bud Miller stated that he should get them to Patty Emory and she will distribute to the full Board.

8. **Audit and Finance Committee**

Rob Beers stated that they have a scheduled teleconference meeting for Tuesday, October 18th at 10am to review the Budget.

The Board adjourned the meeting at 10:50 am.

Patricia R. Emory, Corporate Secretary

November 17, 2011

Approved