

**MINUTES**  
**W.C. & A.N. MILLER DEVELOPMENT COMPANY**  
**BOARD OF DIRECTORS**  
**April 20, 2012**

**Participants:**

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

The Board meeting began at 12:30 pm at Columbia Country Club. 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 March 9, 2012 Minutes:**

**Motion** was made by Robert Beers, Jr. to approve the March 9, 2012 Meeting Minutes and seconded by Paul Maddock, Jr. All were in favor, none opposed.

2. **Approval of March 30, 2012 Minutes:**

**Motion** was made by Deborah Vaughan to approve the March 30, 2012 Meeting Minutes and seconded by Robert Beers, III. All were in favor, none opposed. Robert Miller abstained from voting.

3. **DC Payroll Withholding Tax Liability**

Rob Miller explained that it had just been brought to the Company's attention that there is an outstanding amount due to the District Government for failure to pay a portion of the DC Payroll Withholding Taxes for 2007 in the amount of approximately \$136,000 including penalty and interest. Rob Miller noted that he had contacted Holland & Knight and they were going to be meeting with the DC Office of Taxation today regarding this matter. He will keep the Board informed as things progress.

4. **Presentation by Chris Scott of Holland & Knight**

Mr. Scott explained the different structures the Company could transfer the Company's assets into such as a Limited Partnership, Limited Liability Company, a Real Estate Investment Trust and/or a Maryland Statutory trust. Mr. Scott will be providing the Board a detailed memorandum explaining the tax consequences of transferring the Company's assets into the various entity structures.

5. **February 2012 Financial Statements**

Rob Miller explained that due to our time constraints he would not review the February 2012 Financial Statements but stated that should anyone have a question regarding them that they should give him a call.

6. **Company Update**

a. Leasing Update:

1. US Renal has signed the Lease but have a five (5) month contingency period for them to get their Certificate of Need. They are paying the Company \$10,000 a month for us to hold the space for them. If they are unable to get the Certificate then we retain one half of the monthly \$10,000 and if they receive the Certificate these monies are credited towards their build out allowance.
2. Retail space at the Shops at Sumner Place should be 100% leased shortly. There are 2 leases out for a Beer/Wine Store and Weight Watchers which will just leave space for the relocation of a tenant from the Plaza level.
3. First Floor of 4900 Massachusetts Avenue will be turned into one space once all tenants vacate so that the space can be leased as retail space.
4. Sumner Highlands has a 6.4% vacancy right now. A decision has been made to adjust the rents on certain types of units that do not seem to rent as quickly.

b. Crate & Barrel Lease

Rob Miller explained that we are in round two of negotiations and that we are only \$600,000 apart. He hopes to have this matter settled shortly at which time he will bring the matter to the full Board for approval pursuant to the Agreed Upon Procedures policy.

c. Shops at Sumner Place Refinance:

Rob Miller explained the preliminary Letter of Intent that he received from TIAA. He stated that it would be a \$30 million loan with a 4.25% floor which would be locked at signing. They have offered to close on October 1, 2012 which would elevate any prepayment to be due to MetLife. He further explained that Frank S. Phillips fee would be 5/8% of a point and that there would be a \$450,000 application deposit which would be refunded at settlement. He explained that the Letter of Intent is requiring a forced capital reserve which language is being fine tuned to make it more manageable. This refinance should save the Company approximately \$600,000 in interest costs per year.

**Motion** was made by James Myers, Jr. to allow Robert Miller to execute the Letter of Intent with TIAA and seconded by Robert Beers, III. All were in favor, none opposed.

d. Recognition of 100 Anniversary of the Company

A discussion occurred among the Board members regarding paying the Shareholders a special dividend in recognition of the 100<sup>th</sup> Anniversary of the founding of the Company. At the end of which it was decided that a \$200,000 dividend will be paid to the Shareholders of record next week but announced at the Annual Meeting tomorrow.

**Motion** was made by Michael Fallon to pay a \$200,000 special dividend to the shareholders of record in recognition of the 100<sup>th</sup> Anniversary of the Company seconded by James Myers, Jr. All were in favor, none opposed.

e. Dividend Policy

A discussion occurred regarding what the dividend policy should be for next fiscal year. Jim Myers presented a report to the Board that brought many new ideas to the Board regarding the growth of the Company and how the Company should distribute earnings. It was decided that this issue should be tabled until Budget process for fiscal year 2012/2013.

7. **Strategic Planning Committee Report**

Mike Fallon proposed that the Strategic Planning Committee disband once the Plan is accepted by the Board. A new committee should then be developed entitled the Investment Committee to work with Rob Miller in developing a plan to grow the Company. He recommends that the Plan should be reviewed and updated and brought to the Shareholders at least annually. It was decided that the Plan should be provided to the Shareholders as soon as reasonably possible.

**Motion** was made by Michael Fallon to accept the Strategic Plan as presented with the correction on page 13 for the year to be changed to 2013 and seconded by Geoffrey Miller. All in favor, none opposed.

8. **Investment Committee**

**Motion** was made by Ernest Miller that an Investment Committee be established with the members being Robert Miller, Kathy Kile, Jay Maddock, Jr. and James Myers, Jr. and seconded by James Myers, Jr. All in favor, none opposed.

9. **Executive Compensation Committee**

Debbie Vaughan presented the Board with a Draft Succession Plan which designates the Chairman of the Board be the immediate successor should something occur to the

President/CEO. It was determined that the Committee needs to work on this issue further.

A discussion occurred regarding switching to a calendar year. It was determined that Robert Miller will ask both our lawyers and accountants what it would entail to switch from a fiscal year to a calendar year and advise the Board of their views.

After a brief discussion, it was decided that the Executive Compensation Committee should immediately start working with Robert Miller regarding next years (2012/2013) compensation package so that it will be ready no later than the November 2012 Board meeting.

10. **Governance and Nominating Committee**

Bob Beers wanted to thank Kathy Kile for all of her hard work on the changes needed for the By-Laws. It was decided that a face to face meeting with the attorneys and the full Board is necessary to work on the revisions needed to be done to the By-Laws at the July 2012 meeting.

Jay Maddock brought for discussion the fact that the family Board members are underpaid for all of the time and energy they put into the Board. It was decided that an increase in the Director fees will be considered during the budgeting process along with a sustainable dividend.

Bob Beers stated that his Committee is working diligently for a replacement for the Chairman of the Board and will have someone to present to the Board by the November 2012 Board Meeting.

11. **Approval of the Audit & Finance Committee Charter**

**Motion** was made by Robert Beers, III to approve the Audit & Finance Committee Charter and seconded by Deborah Vaughan. All were in favor, none opposed.

12. **Approval of the Executive Compensation Committee Charter**

**Motion** was made by Deborah Vaughan to approve the Executive Compensation Committee Charter and seconded by Robert Beers, III. All were in favor, none opposed.

13. **Shareholder Meeting**

It was decided by all that the Agenda for the Annual Shareholders' Meeting to be held tomorrow will be revised as attached.

14. **Adjournment**

There being no other business, at 5 pm, a **Motion** was made by Ernest Miller and seconded by Michael Fallon that meeting was adjourned.

Patricia R. Emory, Corporate Secretary

**June 8, 2012**

Approved