

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY
BOARD OF DIRECTORS TELECONFERENCE
August 19, 2011

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 Miller (Rob)
James (Jim) Myers, Jr.	Deborah Vaughan

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 July 20, 2011 Minutes:**

Motion was made by Robert R. Beers, III to approve the July 20, 2011 Meeting Minutes and seconded by Geoffrey Miller. All were in favor, none opposed. Jay Maddock, Jr. and Mike Fallon abstained.

2. **Approval of August 4, 2011 Minutes:**

Motion was made by Deborah Vaughan to approve the August 4, 2011 Meeting Minutes and seconded by Michael Fallon. All were in favor, none opposed.

3. **Review of June 2011 Financial Statements**

Rob Miller explained that Rental Income is in line with Budget but that Expenses were off primarily due to a reallocation of the expenses into either recoverable or non-recoverable categories so that the tenant billings will be easier to do. He further explained that on the Income Statement there is an expense for a Leasing Commission which is for the renewal of our sub-tenant at the space on East West Highway through the end of our lease term (11/30/2014). On the Cash Flow Statement, Rob Miller noted that our cash is up by \$48,000 for the month and \$22,000 year to date. He noted that our cash position will improve significantly in July and August due to the sale of the 3 lots in Montgomery County and the refinance of the Spring Valley Retail Center with Cardinal Bank which Rob Miller noted closed on August 15, 2011.

A discussion occurred regarding dividending out Sumner Highlands LLC using the Company's loss carry forward. It was decided that the Strategic Planning Committee would look into this option and other options the Company may have and present to the Board within the next 6 months. Additionally, it was decided that the Committee should seek Alan Gordon's tax advice regarding this matter.

4. **Leasing Update**

a. Retail Leasing:

1. Bank of America has agreed to renew for an additional 5 years at \$83 per foot triple net.
2. Kick's Karate: Rob Miller explained that we had worked with this prospective tenant several months ago but that they had to walk away from the deal due to staffing reasons. They are now back in the market and should be signing a lease with us soon for the former Potomac Video space and Booktopia taking approximately 2,900 square feet of space.
3. Passion Fin: This is a Japanese restaurant who has signed a Letter of Intent for \$36 per square foot triple net requiring approximately \$40 in tenant improvements from the Company while the tenant will be putting approximately \$1 million.
4. Subway should be open at the Shops any day now.
5. Cleaners lease renewal is completed. The security deposit has been increased to \$25,000 and the Tenant has executed a Confessed Judgment should they go into default.
6. 4900 Massachusetts Avenue: Rob Miller explained that United Bank's lease is up June 2012 as well as the remainder of the tenants on the first floor of the Building. Citibank is interested in the location in that they are the only Bank that does not have a presence in Spring Valley and should be touring the property soon.
7. Ballet Petite: Rob Miller explained that the Judge ruled on the merits but denied our ability to crawl back 3 years due to statute of limitations. He further explained that a recent ruling out of the Court of Special Appeals in Maryland stated that the statute of limitations on commercial transactions is 12 years and 3 years for residential. Additionally, Rob Miller explained that we are reaching out to the tenant to see if we can settle things and keep her as a tenant in the Center. Her lease expires September 30, 2012. Rob further explained that we are looking at other types of uses for the space should we not be able to come to an agreement with the tenant.

c. Office Leasing:

1. There is a lot of activity at the Shops at Sumner Place. As of August 1st we had an 8% vacancy rate. We are close to signing a tenant for approximately 2,400 square feet.

2. Spring Valley office:

- a. 4910 Massachusetts Avenue has a 4% vacancy rate and we are in the process of signing 3 deals which would bring it to 0%.
- b. 4900 Massachusetts Avenue has a 3% vacancy rate with only one space vacant and a lease for that space is out for signature.
- c. 4301 50th Street has a 33% vacancy rate. Once the other two buildings fill up this space should rent. Currently, prospective tenants are looking for a Massachusetts Avenue address.

5. **Haymount Lawsuit:**

Rob Miller explained that he and Bud Miller have been dismissed from having to have their depositions taken. It appears that the Plaintiff's intent is becoming much clearer and the case might be moving more in our direction. He noted that this case is going to be very expensive and that he has asked Holland & Knight, our attorneys, for a budget going forward. A discussion occurred regarding the fact that our insurance carrier is denying coverage under our D&O policy. It was decided that the Company resolve this case first and then look at going after the insurance company.

6. **Cardinal Bank Loan:**

As previously mentioned, the loan closed on August 15, 2011. The intent of the Company is to use the proceeds to pay off the Washington Securities loan and the Subordinated Debenture loan by August 31, 2011 as well as have some necessary capital improvements done on the properties.

7. **Three Year CAM Analysis:**

A request had been made to show to the Board what had been billed, received, written-off and the legal expenses associated with the 3 year CAM billing. Rob Miller explained that a chart will be sent to the Board at the conclusion of the meeting but that the break down was as follows:

Total Billed:	\$1,139,728.08
Total received:	\$405,827.96
Written-off:	\$577,007.17
Legal Expenses:	\$190,123.44

Rob noted that \$77,000 of the legal fees are for Ballet Petite with whom we have the right to collect approximately \$60,000 as well as "reasonable" legal fees in that we won the lawsuit. Sangamore Cleaners legal fees of \$20,000 will be offset by the increase in rental income with the renewal of their lease. The Hair Boutique was really a fraud lawsuit and its \$20,000 in legal fees really should not be classified as CAM legal fees.

8. **Building F – additional Building in Spring Valley**

Rob Miller explained that he will be working on getting the pricing of what it would cost to build this building over the next 90 to 120 days. The real expense should be that we have to build a structured parking lot on the site.

9. **Audit & Finance Committee Update**

Rob Beers noted that the engagement letters with Alan Gordon had been executed and that the Review will start shortly.

10. **Strategic Planning Committee Update**

Mike Fallon noted that the Committee is still in preliminary stages and that he is waiting the Vision Statements from the members which he will share with the entire Board as the basis for the Committee going forward.

11. **Executive Session**

At approximately 11:30 am the Board went into Executive Session and excused Rob Miller and Patty Emory from the meeting. At this time the Board discussed that at the Board meeting of November 5 and 6, 2009, the Board unanimously voted to grant Robert R. Miller a bonus of \$200,000, and that it was the Board's intention at that time that payment of this bonus would be made in two equal increments in 2010 and 2011, and such payments were contingent on a determination by the Board that the payment of either increment would not have a material adverse effect on the Company or diminish the Company's ability to pay planned dividends.

In the Executive Session the Board noted that in late 2010 the Board voted to suspend dividend payments for the calendar year 2011. This decision was unrelated to Robert Miller's bonus.

Finally, the Board reaffirmed its intent to pay the aforementioned bonus to Robert R. Miller. The Board further acknowledges that said payment would not have a material adverse effect on the Company. Inasmuch as the suspension of the dividends is unrelated to said payment and the Company currently has no plans to pay dividends in the near future, the Board unanimously voted to authorize payment of \$200,000 to Robert Miller be made on or before the close of the Company's fiscal year of September 30, 2011.

The Board then voted to adjourn the meeting at 12:15 pm.

Patricia R. Emory, Corporate Secretary

September 9, 2011

Approved