

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY
BOARD OF DIRECTORS
July 18, 2013

Participants:

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

The Board meeting began at 9:00 am at Company's Corporate Office. Attached is the supporting documentation that was given to all members in advance of the meeting.

1. **Approval of Meeting Minutes of June 7, 2013:**

Motion was made by James Myers, Jr. and seconded by Robert Beers, III to approve the June 7, 2013 Meeting Minutes. All were in favor, none opposed.

2. **Review of May 2013 Financial Statements:**

Rob Miller noted that we had a good month and that we are only (\$78,939.91) off this month primarily due to Sumner Highlands' rental activity. Increase to cash was \$488,635.02 due to receivables and prepaid rent. The year to date variance on rental income is down over budget primarily due to Sumner Highlands as well as USRC and the proposed tenant at 4301 50th Street not paying rent as budgeted. It was noted that the total cash is ahead of budget primarily due to the refinance of the Spring Valley Retail loan and the delay of capital improvements which were put on hold until we have an understanding of the entire USRC project.

3. **Company Update:**

a. Executive Summaries

1. Shops at Sumner Place

Rob Miller noted that USRC is completing their Tenant Improvements. He stated that our expenses are down due to mild winter and new windows which are making our utilities lower than budget. Tenant Improvements are under budget but Leasing Commissions are over budget due to the renewals with Long & Foster and other tenants ahead of when they were budgeted. He noted that Capital Expenses are below budgeted due to the delay in having the mansard roof replaced. Rob Miller stated that he hopes to have the roof replaced this Fall. It should take approximately six weeks to replace.

2. Spring Valley Offices

Rob Miller noted that we are below budget across the board due to not releasing 1st floor of 4301 50th Street as well as the unbudgeted vacancy on the lower level of 4315 50th Street.

3. Spring Valley Retail

The vacancy here is due to the 1st floor of 4900 Massachusetts Avenue being vacant. Rob Miller noted that we are in the process of installing pay on foot parking in Spring Valley. He noted that the retail tenants' gross sales appear to be steady.

4. Sumner Highlands

Rob Miller noted that rental activity is below what had been budgeted. A lot of this is due to renters becoming 1st time homeowners. He explained that we hope to have the landscaping improvements done this Fall but first the buildings need to be tuck pointed.

b. Leasing Activity

Rob Miller stated that leasing is slow at this time but we only have 6,144 square feet of office space, 4,575 square feet of retail space and 8 apartments to lease.

c. Tenant Matters

1. Burdeshaw Associates

Rob Miller noted that the tenant approached him requesting rent abatement for a period of time in order to hopefully have time and liquidity to rebuild his business. Rob explained that they would like to give back 4,000 square feet of space as well. He noted that they have 2.7 years left on their lease and that he has proposed that the deferred rent would be paid back over the remaining term of their lease and any extension (3 or 5 years) that they decide to take. Rob Miller explained that he will need Board approval for negotiating with Burdeshaw and the lender will need to approve any restructuring as well.

Motion was made by Robert Beers, Jr. and seconded by James Myers, Jr. to give Robert Miller the latitude needed to work with Burdeshaw Associates regarding rent abatement and/or deferred rent as well as the give back of any space they have under lease. All were in favor, none opposed.

2. Plaza Level Slab investigation

Rob Miller reported that he had had a productive meeting with the engineers and said that he will update that Board as the process progresses.

3. First Floor 4900 Massachusetts Avenue

Rob Miller explained that discussions have occurred with Walgreen's to see if they have any interest in the space. He further explained that the shopping center across the street was recently purchased and he will see if the new owner would be interested in moving CVS to our site. Further, we are exploring whether or not CVS would like to purchase a non-compete agreement from us for a fee.

d. Investment Opportunities

Rob Miller explained that there is not a lot of value added deals out on the market at this time. Kevin Barrett, broker for KNLB, has been working deals where he identifies sites for development and finds the appropriate tenant for the site at which time he purchases the property and builds the property to the tenant's specifications. Rob Miller stated that he will look into this concept further and report back to the Board.

4. **Board of Directors Meeting Schedule**

It was decided by all that there should be 3 face to face Board of Directors and 3 teleconferences. It was stated that should there be a need for more meetings, a meeting can be called. Below is the schedule for the remainder of 2013 and all of 2014.

September 13, 2013	Teleconference
November 13/14, 2013	Face to Face Meeting
December 13, 2013	Teleconference
February 7, 2014	Face to Face Meeting
February 8, 2013	Annual Shareholder Meeting
April 4, 2014	Teleconference
June 11/12, 2014	Face to Face
September 5, 2014	Teleconference
November 12/13, 2014	Face to Face Meeting
December 12, 2014	Teleconference

Rob Miller noted that he will be sending out the Financial Statements on a monthly basis.

5. **Budget for 2013/2014 Fiscal Year**

Rob Miller explained that he should receive the draft budgets from McShea today. He stated that he has a scheduled meeting with McShea for August 1, 2013. The Company's budget should be to the Audit & Finance Committee by the end of August.

6. **Committee Reports**

a. Audit and Finance Committee

Jim Myers, Chairman, stated that he had signed the agreements with Alan Gordon's office for the review and agreed upon procedure report. He stated that his Committee's first meeting will be the review of the Budget. Once his committee has reviewed it, he will bring it to the full Board for their approval.

b. Governance and Nominating Committee

Debbie began by reviewing the given assignment for this year. She communicated that the committee would like to keep the update brief, without too many specifics, to allow for more time to perform research, develop perspectives, and collaborate with committee members on all related issues. The committee had a substantive meeting focused on Board size and composition. Rob Miller and Mike Fallon attended the meeting and had limited participation in discussions. Different perspectives and views were expressed, most of which have been shared in the past. It was suggested that the company is currently going through a "major transition phase" and may need more expertise on the Board moving forward. Debbie concluded by stating the committee would continue with its due diligence, and keep the Board updated on progress.

c. Ad Hoc Committee

Mike Fallon, Chairman, explained that his Committee has made initial evaluations regarding **strategic alternatives**. The first step is determining the valuation of the Company's portfolio. He noted that he has brought on tax counsel, Christopher Scott, who has helped narrow things down. The basic advice at this time is for the Company to remain a C Corporation until the loss carry forward has burned off at which time convert the Company to an S Corporation. Mike Fallon explained that Rob Miller is working with McShea on a 10 year Argus run. Once the report is completed the Committee will be able to have an idea of the Company's worth at which point they will explore all options. Hope to be able to report back to the full Board within the next 9 to 12 months.

d. Executive Compensation Committee

Board went into Executive Session at 12:55 and concluded at 2 pm.

Meeting adjourned at 2 pm.

Patricia R. Emory
Corporate Secretary

November 14, 2013
Approved