

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY
BOARD OF DIRECTORS
October 12, 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 10:00 am via teleconference. Attached is the supporting documentation that was given to all members in advance of the meeting.

1. **Executive Session with the Executive Compensation Report to Board**
(Robert Miller and Patricia Emory did not join)

The Board of Directors went into an executive session to review recommendations of the Executive Compensation Committee. The Board voted and approved unanimously the following recommendations of the Committee:

- a. The payment of a bonus of \$100,000 to the CEO, Rob Miller, for the exceptional performance in achieving the defined and measurable goals and objectives for FY 2011/2012, with the contingency that no material adverse issues arise that would affect the FY results.
- b. The proposed 2012/2013 Executive Compensation Plan regarding base salary of \$275,000 annually and an annual incentive opportunity of \$150,000.

The Executive Compensation Committee indicated that the proposed goals and objectives and “stretch” goals for upcoming year with associated incentive amounts had yet to be defined. The committee expects to work on these, with input from the CEO, and have a recommendation ready to submit to the Board at the November 15th Board meeting. The Committee also will review the total benefits package and provide a recommendation to the Board at the November meeting.

It was communicated that all efforts have been made by the Committee to move compensation matters forward in a timely manner to facilitate the closure of the final draft of the budget, as well as utilizing best practices in providing direction for the CEO. In conclusion, it was decided that Bud Miller, Chairman of the Board, would communicate results of the executive session to CEO, Rob Miller, when he joined the call. The executive session adjourned at approximately 10:40 and Robert Miller and Patricia Emory joined the meeting.

Patricia R. Emory acted as Corporate Secretary for the meeting.

2. **Approval of September 7, 2012 Minutes:**

Motion was made by Paul Maddock, Jr. and seconded by Michael Fallon to approve the July 12, 2012 Meeting Minutes. All were in favor, none opposed.

3. **August 2012 Financial Statements**

Rob Miller reviewed the Statement of Cash Flows stating that the Net Income was \$147,272 and that the Net Operating Activities provided Net Cash of \$572,212. We had \$122,547 in tenant improvements, \$15,046 in leasing commissions and \$104,576 in real estate tax escrow. We reduced long term debt by \$111,637 giving us an increase in Cash of \$173,406. Rob Miller noted that the Rental Income Year to Date is down due to the timing of the billing of the retail tenants. He noted that he will provide a detailed variance report with the September 2012 Financials.

4. **Company Update**

a. Leasing Update:

1. Sumner Highlands is 96% occupied. Rob Miller noted that we have raised the rents by @\$50 per month. Additionally, Rob explained that we are working with a landscape designer to make improvements around the walkout apartments.
2. Shops at Sumner Place:
 - a. Weight Watchers has opened;
 - b. Bethesda Market hopes to open by November 15, 2012;
 - c. Simon Says Yoga should be moved to the retail section by November 1, 2012;
 - d. US Renal has not received their permits yet so the contingency period has been extended for an additional 60 days. Rob Miller noted that this does not affect the rent start date.

The retail vacancy is 0% and the office vacancy is at 5% but we are working with someone to take 1,245 square feet which would drop our vacancy to 3%.

3. 4900 Massachusetts Avenue has 11% vacancy in the retail portion of the Building and the office portion has a 0% vacancy. McShea will be hosting several Brokers Opens for the week of November 12, 2012 to show the retail portion. At that time, we will have renderings of what the proposed space can look like.
4. 4315 50th Street is 100% occupied and we have just completed the renewal of McEneaney for the top 2 floors of the building. As of January 1, 2013 we will be getting back the lower level of the building. We have

approached the 2 existing subtenants but do not feel that they will be remaining so we have put the space on the market.

5. 4301 50th Street still has the first floor vacant. We will be installing the common area bathrooms and lobby area and will be installing a spec suite once the above work is complete.

6. Spring Valley Retail is 100% occupied.

b. **Proposed Building on 49th Street**

Rob Miller noted that he has put together a team for the purpose of analyzing the project. The team is comprised of an engineer, a lawyer and an architect. Our first step will be to go back to the citizens and ask them to amend the Covenants. We hope to have that meeting in mid January 2013. The proposed project will only be 10,000 versus the 30,000 the citizens had previously approved. At present, the engineers are working with the DC Department of Public Work to see if we can bridge over some of the infrastructure or will we be able to move it. This is affecting the placement of the Building and until that has been determined not much work can be completed.

c. **Three Year Projection**

Rob Miller explained that this is just to show the Board where we should be going.

d. **Dividend**

Rob Miller explained that he is working with our tax attorney. He said that this is a complex issue in that we would be paying the money out in December 2012 but our fiscal year does not end until September 20, 2013. He stated that this affects the individual on how they are taxed not the Company. At present, the attorney is working with the IRS legal department. Rob Miller noted that the IRS does not know who is making the request.

e. **Guardian Life Loan for Shops at Sumner Place**

Rob Miller announced that the loan closed on October 7, 2012. He noted that the process was harder than those we had completed in the past and that the legal expenses went over budget by a fair amount. In the long run though, we have \$4,000,000 in the bank, interest expenses will decrease by 35%; and we have financing for an additional building. He noted that the next loan is not due until 2018.

f. **Prospective Investments**

Rob Miller explained that during his last visit to DC, he had driven around looking at properties in our market that should be looked at for acquisition or partnership. He noted that one such property came on the market yesterday. The property is approximately 40,000 square feet with half unanchored retail and half offices. Price has not been disclosed but Rob Miller feels that it would be a fantastic addition to our portfolio. It was decided that Rob Beers and Mike Fallon will work with Rob Miller on reviewing the property and if this is something that the Company should pursue this small committee will call a Special Board meeting to the communicate to the full Board the particulars of the property.

5. **Report to Board by Jim Myers**

Jim Myers discussed with the Board the issues regarding the change in the tax law as of January 2013. After a discussion by the full Board, it was decided that Rob Miller will bring issues to our tax attorney and once he has answered all of the questions to their satisfaction, Jim Myers and Rob Miller will put together a presentation to be discussed at the November meeting.

7. **November 15, 2012 Board Meeting**

Bud Miller stated that there will be a lot to discuss in the meeting so it will start at 9 am and will go until 4 pm. He does not want to have to rush through the various issues that will be addressed in the meeting.

Motion to adjourn was made by Michael Fallon and seconded by Robert Beers, Jr. All in favor, none opposed. The meeting adjourned at 11: 50 am.

Patricia R. Emory, Corporate Secretary

November 15, 2012

Approved