

**MINUTES**  
**W.C. & A.N. MILLER DEVELOPMENT COMPANY**  
**BOARD OF DIRECTORS TELECONFERENCE**  
**August 6, 2010**

**Participants:**

Robert (Bob) Beers, Jr.	Robert (Rob) Beers, III
Katharine (Kathy) Kile	Ernest (Bud) Miller
Geoffrey (Geoff) Miller	Robert (Rob) Miller
James (Jim) Myers, Jr.	Monica Satrape
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 Prior Meetings' Minutes:**

a. July 2, 2010 Minutes:

**Motion** was made to approval the minutes as revised by Ernest Miller and seconded by Geoffrey Miller. All were in favor, none opposed.

2. **June 2010 Financial Statements:**

Rob Miller stated that our cash position was @\$300,000 over Budget due to McShea not making the Shops at Sumner place's mortgage for June until July. Thus, our cash is realistically up @\$100,000 from our projection. Rob Miller explained that the variances from our projection are that we over collected on the CAM and under spent on tenant Improvements and Leasing Commissions.

3. **Third Quarter Update to Shareholders**

Rob Miller stated that he will be sending out the 3<sup>rd</sup> Quarter update to the Shareholders next week. The highlights are as follows:

- a. Cash up @\$500,000
- b. Spent @\$600,000 in Building Improvements
- c. Increased other assets by @\$363,000
- d. Reduced debt by \$1.5 million
- e. Net Income is a loss of @\$210,000

Rob Miller explained that the loss is due to several factors: 1) 2007 Payroll Tax Liability of \$539,032.68; 2) snow removal costs of @\$300,000; and 3) DC Personal Property Taxes that had not been paid over the past 10 years of @\$50,000.

Rob Miller explained that we have not yet been assigned an IRS agent for the 2007 Payroll Tax Liability but that we continue to pay \$11,000 monthly.

4. **Burke and Herbert Curtailment**

Rob Miller explained that he had an agreement with Burke & Herbert that they we would pay the curtailment in full and they would lend us half of the amount (\$339,375) secured by the 3 lots in Montgomery County with Miller guaranteeing the loan. Rob Miller explained that he ran the numbers and talked with Burke & Herbert and it was decided that we would pay the entire curtailment and then take a line of credit out secured by the 3 lots in Montgomery County. It was discussed that the line would stay open as long as the lots remained unsold.

5. **Haymount Litigation**

Rob Miller explained that we have completed the second round of post judgment discovery with the help of Holland & Knight. Unfortunately, McGuire Woods is continuing to try to be relieved from the case and have Holland & Knight named as Haymount's counsel which is not acceptable to all. Holland & Knight has been retained to represent the Miller Company. Next step is a that a letter was sent to the Judge requesting Haymount, Haymount LP and Westminster to provide documentation pertaining to Miller Development, ESI and Haymount Mezz that Holland & Knight feels the trustee is not entitled to. We are now awaiting ruling from the Judge on this matter.

6. **Springvale Meadows Virginia**

Rob Miller explained that we are still working with the State and County to release the site back to their control. We are getting closer to final approvals which we hope to be in late September but it is costing more money than anticipated. Rob Miller stated that the Board in the June 11, 2010 meeting approved the spending of up to \$86,000 but that he has exceeded that amount to date.

**Motion** was made by Robert Beers, Jr. that Robert Miller is allowed to spend up to \$135,000 to complete the site improvements at Springvale Meadows. Second was made by Ernest Miller. All were in favor, none opposed.

7. **Lots in Montgomery County, Maryland**

Rob Miller explained that the lots have not sold but that there is still interest out there. Our broker has had a lot of inquiries about whether we would take back paper etc but no formal offers as of yet. The new asking price is \$655,000

8. **Dr. Morrison, 4301 50<sup>th</sup> Street**

Rob Miller explained that Dr. Morrison leased the Spano Building over 20 years ago as a one stop dental practice. Unfortunately a few years ago, he ran into hard times and we took back a note for outstanding balance and Dr. Morrison took on a partner, Dr. Kravitz. About 4 to 5 months ago, they ran into more problems and we have tried to work with them to resolve their issues. This was to no avail and we have had to sue for possession

and a money judgment against Dr. and Mrs. Morrison, the practice and Dr. Kravitz which we have received. Both doctors moved out and we now have @7,500 square feet available in the building leaving us with @\$25,000 less in rental income. The build-out for the space is very high end which should help with our re-leasing efforts.

9. **Retail Leasing Update**

Rob Miller shared with the Board the following leasing activity:

- a. Edible Arrangements has signed to move to the former pet store.
- b. The operator of Acqua Nails will be signing a lease shortly to take over the space from Edible Arrangements through to his existing space.
- c. The former salon operator has vacated the premises and we have a judgment for @\$125,000 against him.
- d. Jerry's Subs is in trouble but we are working with them to stay in place, at a reduced rent, until another tenant can take over their space.
- e. Bethesda Market met with Rob Miller explaining that they want to expand their operations and was looking for the Miller Company for financial help with this. Rob Miller explained to them that we are unable to help them but if they gave up their exclusive rights to sell beer and wine we could probably obtain money for those rights that would help them renovate their store. If the rights are obtained we could then approach Total Beverage to see if they are still interested in our center.

Rob Miller explained that we have a lot of interest in the retail spaces and hope to have more concrete deals soon.

10. **Office Leasing Update**

Rob Miller explained that there is a lot of talk from potential tenants about who will take over the government property across the street from us. Once the decision has been made, this should provide the Shops at Sumner Place with a lot of tenants.

11. **Sumner Highlands Update**

Occupancy is still strong at 94.5% even after significant lease turnovers in June, July & August. Rob Miller explained that we will be raising the rents on the one bedroom by \$75 to bring it closer to the rent for the small 2 bedroom units which are harder to rent. He further explained that a new manager has been hired for the property.

12. **Other Matters**

- a. 4350 East West Highway: The property is leased through September 2011.
- b. PNC Bank Lease renewal: The Bank's attorneys feel that they have exercised their option properly so now the people at McShea, who personally bank there, are going to approach the Bank to see if a deal can be struck otherwise the lawyers will handle it.

c. 2010/2011 Budget: McShea should have the budget to us by September 1<sup>st</sup> and Rob Miller explained that he hopes to have the complete budget to the Finance Committee by the middle to end of September.

d. 4900 Massachusetts Avenue Common Area improvements have been completed.

e. Only other capital improvements needed are the window replacements at 4900 Massachusetts and 4701 Sangamore Road.

13. **Next Formal Board Meeting**

It was agreed by all that the next face to face Board of Director's meeting will be held on Thursday, November 11, 2010 at the corporate offices. If anyone would like a tour of the properties on Wednesday the 10<sup>th</sup>, please advise so that the proper arrangements may be made.

14. **2011 Annual Shareholders Meeting**

It was agreed by all that the meeting will be held on Friday, April 22, 2011 with a family reunion to follow on Saturday, April 23, 2011.

15. **Size of the Board of Directors**

Robert Beers, Jr requested that anyone who has an opinion on this matter should contact either himself or his fellow committee members, Geoffrey Miller or Katharine Kile in regards to the subject. He will be holding a committee meeting shortly.

There being no other business the meeting adjourned at 11:20 am.

Patricia R. Emory, Corporate Secretary

**October 8, 2010**

Approved