

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY
BOARD OF DIRECTORS TELECONFERENCE
September 9, 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 August 19, 2011 Minutes:**

Motion was made by Paul Maddock to approve the August 19, 2011 Meeting Minutes and seconded by Geoffrey Miller. All were in favor, none opposed.

2. **Review of July 2011 Financial Statements**

Rob Miller explained that the Rent Expenses were up approximately \$200,000 for the month versus Budget due for the most part by 1) the writing off of the Bad Debt of Dr. Perlman, Marshall Green and Dr. Morrison for \$115,000; 2) MedStar transaction required that a new transformer be installed to service their space for @\$16,000; 3) the chiller at 4910 failed and had to be replaced for @\$16,000; 4) legal expenses were @\$10,000 over budget this month and 4) the utilities were @ \$40,000 over budget. Rob Miller noted that he has inquired as to why the utilities are over budget and he will provide that information to the full Board once he has heard back from McShea.

Rob Miller explained that the 3 lots in Montgomery County settled in July 2011. He explained that we had \$1,784,186.56 invested in the property as noted on the Income Statement but that we sold them for \$630,000 giving us a net loss of (\$1,154,186.56). Further, on the Income Statement, Rob Miller pointed out that under Computer Supplies in Operating Expenses there is a charge for \$17,562.20 which represents the upgrade that was made to the Corporate Office computer system. Rob Miller noted that the Legal Expenses for Haymount continue to mount. In July they were \$29,886.76 and August will be \$68,000 and September should be @\$50,000. He noted that he will need to ask the Board for approval of these additional expenditures but would like to wait until next month.

Rob Miller noted that there was a net increase in cash of \$650,732 for the month improving our cash position to \$2,230,847. He noted that year to date we have paid \$485,000 in Capital Improvements and \$377,000 in Leasing Commission and curtailed debt by \$1,082,294. He further noted that August should bring our cash position to

approximately \$3.9 million. Rob Miller stated that we are doing significantly better these 10 months than budgeted and that McShea is doing a great job.

3. **Haymount Update**

Rob Miller explained that we are now awaiting a ruling from the Judge on our Motion to Dismiss and that the discovery phase of the case closed today. Our attorneys have advised us that if we do not win our Motion, trial in this case will be sometime in the first quarter of next year. He noted that he is awaiting a budget from our counsel for next year. Rob Miller further explained that he feels that the Company's D&O insurance should cover our legal expenses in this matter but that he wants to conclude the case and then pursue the matter with our insurance carrier. Rob Miller explained that he is waiting for an update from our counsel on this matter and once received he will forward the same onto the Board.

4. **Company Update**

- a. Kick's Karate signed for 2,900 square feet of space last week at the Shops @Sumner Place.
- b. Spring Valley Health & Wellness signed for 2,400 square feet of space in the office portion of the Shops @Sumner Place.
- c. CM2 at 4900 Massachusetts Avenue leased 900 square feet of space. Rob Miller noted that he was an existing tenant who expanded his space.
- d. We are still working with Passion Fin, a Japanese/sushi style restaurant for the Shops @Sumner Place and hope to have the leased signed by the end of the month.
- e. Rob Miller explained that as a result of the Cardinal loan requirements, an error has been found with Crate & Barrel and its subtenant, Starbucks. It appears that Starbucks is paying a lot more in rent to Crate & Barrel than Crate & Barrel is paying to us. Under the terms of their lease, Crate & Barrel is to pay to Miller any rents received from their subtenant above what they are paying to us. Rob Miller explained that we are working with our attorneys right now on this matter and that he will report back to the Board. He further explained that Crate & Barrel has to give us notice of their intent to renew 2 years (6/1/12) prior to expiration of their Lease (5/31/14) but that they can cancel this option with 12 months (6/1/13) prior notice.

5. **Board of Directors Committees**

Bud Miller explained that there appears to be overlaps among the Committees tasks which he hopes to get resolved in November. Bob Beers noted that there needs to be a plan in place should something happen to Rob Miller. He stated that Jim Myers has agreed to step in if it is necessary. Bud Miller asked that all Committee Chairpersons look at their respective Charters and bring them up to date prior to the November Board meeting. It was decided that the Committees would meet on November 16, 2011 and then

present to the full Board on November 17, 2011 their agenda so that there are no two committees working on the same thing and going in different directions. Rob Miller asked that all correspondence regarding the Committees be copied to Patty Emory so that the Corporate files are kept up to date.

6. **Sumner Highlands, LLC**

A discussion occurred regarding the transfer of the shares in Sumner Highlands, LLC into the individual shareholders of the Development Company. It was decided that Rob Miller would engage Holland & Knight to review the tax implications for this matter along with whether or not the Company's loan facilities allow such a transfer. The analysis will be presented at the November 17, 2011 Board Meeting.

7. **2011/2012 Board Meeting Schedule**

It was requested that Patty Emory put together a schedule through 2012 and e-mail to the Board members of the proposed dates for the Board Meetings which would include four (4) face to face two-day meetings along with the regular monthly teleconference meetings.

The Board then voted to adjourn the meeting at 11:10 am.

Patricia R. Emory, Corporate Secretary

October 7, 2011

Approved