

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY

BOARD OF DIRECTORS

November 11, 2010

Participants:

Robert (Bob) Beers, Jr.
Katharine (Kathy) Kile
Geoffrey (Geoff) Miller
James (Jim) Myers, Jr.

Robert (Rob) Beers, III
Ernest (Bud) Miller
Robert R. Miller
Monica Satrape

The Board meeting began at 10:00 am at the Corporate Offices of the Company. Patricia R. Emory acted as Corporate Secretary for the meeting.

1. Approval of Prior Meetings' Minutes

Motion was made to approve the minutes of the October 8, 2010 Teleconference meeting by Robert Beers, III and seconded by James Myers, Jr. All were in favor, none opposed.

2. Review of the September Financial Statement

Rob Miller explained that we ended up with more cash at end of month than anticipated. He further explained that the Income Statement reflects a Gain/Loss on Sale of Assets line that shows a write-off of old assets showing a loss of \$831,388.20 on this month's books. Rob Miller detailed where the Company stood in collecting the 3 year CAM back billings and stated that we have collected \$350,000, wrote off \$230,000 and are still due \$559,000.

3. Review of Year End Statement

Rob Miller explained that the Net Rental Income is \$872,672.09 less than budgeted. He further stated that Gross Profit is greater than budget by \$9,195.87. The Company's Net Operating Income was \$395,174.51 which is \$26,031.07 less than budget. The Net Income of the Company for fiscal year 2009/2010 is (\$995,353.83) which is (\$1,414,442.13) less than budget. Rob Miller explained that had the extraordinary snow expenses, the 2007 Payroll Tax Liability and the Loss of Sale of Assets not occurred this year the Company would have exceeded budget by \$275,000.

Rob Miller went on to examine the Cash Flow Statement. The Company's cash is down \$508,221. Long Term Debt was paid down by \$1,801,154 and @ \$700,000 in improvements were made to the properties along with \$400,000 in Dividends paid out this fiscal year.

4. **Review and Approval of Budget**

Rob Miller explained that there have been 4 changes to the Budget since its approval by the Audit & Finance Committee. They are:

- a. Increase in General Insurance by \$4,000 for a total of \$23,287.00 due to an incorrect entry in original Budget.
- b. Decrease in October's Accounts Receivable to \$161,103 due to the collection of more money than anticipated in September.
- c. Increase in Springvale Meadows Expenses by \$8,000 to \$25,000 in December due to final numbers coming in for the work that is needed to be done to complete project.
- d. Increase in starting cash to \$1,451,193 due to the collection of outstanding A/R in September.

A lengthy discussion occurred regarding the distribution of a dividend this year. It was discussed that there are @\$385,000 in deferred maintenance that still needs to be done this year that is not budgeted. Additionally, a discussion occurred regarding the adherence to the guidelines established last year regarding cash were discussed, i.e.: \$2,000,000 in bank; excess cash split 50/50 reserve to dividend.

Motion was made by James Myers, Jr. that the Company follow the guidelines established last year and thus suspend the dividend effective January 1, 2011. Deborah Vaughan seconded the motion. The Motion was passed with a vote of 8 in favor and 1 opposed.

Motion was made by James Myers, Jr. that the revised Budget be approved with the addition of another face to face Board meeting to be added. Robert Beers, III seconded. All in favor none opposed.

5. **Materials to Shareholders and Update on Accounting Review**

It was discussed that the Annual Shareholder meeting is currently scheduled for April 22, 2011 with the Board meeting to be held prior to that on the 21st of April.

Rob Miller stated that the accounting Review is to be completed by the 1st of December and presented to the Audit & Finance Committee so that it can be finalized and the tax returns filed by the 15th of December.

Rob Miller said that he will send to the Shareholders the Reviewed September 30, 2010 Financial Statements along with the Budget once the Review is complete along with a year-end report to the Shareholders. In that letter he will advise when the Annual Meeting materials should be sent to them.

Rob Miller further asked that the monthly Board teleconference be moved to Friday December 10, 2010 at 10am.

6. Questions from Board Tour

- a. Would like a copy of rent rolls with expiration dates. **A color copy of the stacking plan will be provided.**
- b. Seems like there is 800 square feet on the 3rd floor. **This is due to the fact that there is a 2 story foyer.**
- c. Why are some tenants' rent so low? **Dr. Klein and Brown Insurance in 4900 are in windowless space and Dr. Pilcher is a new tenant who has 6 months at ½ rent. Her stabilized rent is \$36 a foot starting 1/1/2011.**
- d. Is the new building at Sibley open? **No not scheduled to open until Spring 2011.** Have we lost anyone over there? **Yes, Foxhall OBGYN whose lease is not up until 10/31/2011. We are currently marketing that space.** What are the prices there? **We have been told \$40 a foot net of electric with \$50 TI allowance.**
- e. As far as leasing, are we on the internet? **Yes we are. The Commercial Leasing has a comparable product to the residential MLS called CoStar.** Are we advertising? **Yes on CoStar and with the local brokerage community.**
- f. Could the dentists at 4900/4910 and surrounding are benefit from having a local lab? **Most local lab work is done in the lower rent areas predominately in Prince George's County.**
- g. Have we thought about having an open house for dentists (aside from brokers)? **No we have not in that the space is too unique and inefficient that no dentist would move in.**
- h. What is the deal with PNC? **PNC is status quo. They have sued us for Declaratory Judgment over the issue of whether or not they were in default when they exercised their option. The case is proceeding forward.**
- i. Could we put up scenic paper instead of brown paper? **I will take under advisement.**
- j. Can we put another of those big signs on the walls in the Mall lobby/common area? **Yes.** Are we getting revenue from those signs? **Case received their 2 signs as part of their lease renewal agreement and we do not charge Summer Highlands.**
- k. Could we do something with the vacant retail space in the mean time? Local Art? Seasonal Stores? **We reached out to the seasonal stores for the vacant spaces and no luck.**
- l. Have we pursued a florist? Would be a great thing to have? **We have pursued but have had no such luck.**

7. Update on Miller Company Activities

- a. Burke & Herbert Line of Credit: Rob Miller explained that we have tried to get this since June but that there seems to be a problem with the attorney for the Bank in getting the paperwork completed. He will keep the Board informed.
- b. Reznick matter: Rob Miller explained that we are awaiting word from our attorney as to what settlement offer Reznick is proposing. We are hoping to get back our fees for their lack of work.

c. Leasing Activity: Rob Miller explained that the interest in both the offices and retail spaces have picked up. He said that there appears to be signs that several retail tenants are expanding in this market.

d. Lots in Montgomery County: Rob Miller explained that we should be getting a contract shortly. The deal is that a builder gives a deposit on the lot and then markets the lot at a price with a house on the lot. We will not be taking the lots off the market so there will be double marketing in effect.

8. Performance Review of CEO

Bud Miller requested that Rob Miller give a presentation as to this year's accomplishments. They are as follows:

- a. \$1.7 million in debt retired;
- b. 42,000 square feet of space rented;
- c. Sumner Highlands stabilized;
- d. Excluding 1 time expenses - \$750,000 in profit this year;
- e. \$600,000 paid out in dividends;
- f. \$1,950,000 in cash at start of year and ended with \$1,450,000; and
- g. 20 trips to DC; equating to 60 days.

At 2pm the Board went into Executive Session whereby Robert Miller and Patricia Emory were asked to leave the meeting.

The Board discussed in depth Rob Miller's performance for the year ending September 30, 2010 and unanimously agreed that Rob had done an excellent job. The Board then discussed what the compensation for Rob Miller should be as the Company's CEO and decided that an Ad Hoc Committee should be formed to review the matter including a definition of the CEO's role and duties, the Board's expectation for performance during the upcoming year, and the engagement of an independent compensation consultant to analyze the CEO's role and responsibilities, survey the market to develop a comparison of compensation packages for CEO with similar roles for similar companies, and make a recommendation on a compensation package for Rob Miller. The Committee would then report back to the Board with the results of the Committee's work and a recommendation for Rob Miller's compensation. The Committee would consist of Debbie Vaughan, Jim Myers, and Geoff Miller, and Debbie would act as Committee Chair.

The Executive Session ended at 3:15 pm.

There being no other business the meeting adjourned by 3:15 pm.

Patricia R. Emory, Corporate Secretary

December 10, 2010

Approved