

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY
BOARD OF DIRECTORS TELECONFERENCE
April 8, 2011

Participants:

Robert (Bob) Beers, Jr.	Robert (Rob) Beers, III
Katharine (Kathy) Kile	Ernest (Bud) Miller
Geoffrey (Geoff) Miller	Robert Miller (Rob)
James (Jim) Myers, Jr.	Deborah Vaughan

Monica Satrape was absent. 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 March 11, 2011 Minutes:**

Motion was made by Robert Beers, Jr. to approve the March 11, 2011 Meeting Minutes and seconded by Deborah Vaughan. All were in favor, none opposed.

2. **Review of February 2011 Financials:**

Rob Miller explained that cash is up by \$118,285. Net Rental Income is off by \$156,267.84 year to date. This is primarily due to the uncollectible 3 year CAM's. Income statement reflects unbudgeted expense for Haymount legal. These fees should run approximately \$15,000 to \$20,000 per month for the next few months as we get through the discovery process. He explained that we spent approximately \$140,000 in tenant improvements and leasing commissions this month.

3. **Haymount:**

Rob Miller explained the process of this litigation. He stated that the discovery process should end within the next 60 days. He further explained that we will be required to release the names and addresses of the investors in ESI. He explained that all the Plaintiff is looking for is where did the \$5,000,000 that went to Haymount Mezz go and by bringing in more parties to the lawsuit hoping that a settlement offer will be brought to the table.

Rob Miller also explained that the insurance carriers have denied coverage and so we are now pursuing the insurance carriers' attorneys.

4. **Reforecast:**

Rob Miller explained that the only difference to the revised forecast is that there was an error in the formulas in the variance column but that there was not any effect to the Company's cash position. Bud Miller explained that the Budget column is the Budget that was approved and the Reforecast is just showing where we are heading.

A discussion occurred about whether or not the Company would be in a position to pay dividends next year and Rob Miller stated that it will depend on our cash position. Rob Miller explained that currently we have budgeted to spend approximately \$1,000,000 in tenant improvements and leasing commissions due to the vacancies in our properties. Once the properties are full, cash will be freed up so we will be in a better position to make that decision of paying dividends.

5. **Montgomery County Lots:**

Rob Miller explained that the sale of the 3 lots is still on track. He further explained that the purchaser will have to advance more cash once the study period ends. Rob Miller did explain that Montgomery County is requiring purchaser to perform certain unanticipated things and that the purchaser might request a reduction in sales price due to these items but that he will not know anything until the study period ends.

6. **Update on Company:**

- a. It was asked when the next loan was due and Rob Miller stated that it is the loan on Shops at Sumner Place with MetLife which is due on January 1, 2013. He explained that he is working with Frank S. Phillips to see where we stand presently with this note in this market to see if we will be required to come up with any money when it is time to refinance this note.
- b. Bud Miller stated that we have two unsecured notes on our books, Subordinated Debentures and Washington Securities that we should address in next year's budget.
- c. Leasing Activities:
 - 1. Rob Miller explained that leasing activity has increased and we are slowing getting our properties filled.
 - 2. Nearly Completed transactions:
 - a. MedStar lease is fully negotiated and out for signatures for the space at 4910 Massachusetts Avenue that Dr. Perlman is vacating at the end of the month.
 - b. American University has taken possession of the lower level of 4301 50th Street and is now requesting a proposal to take the remainder of the building.
 - c. We have renewed Chicken Out at the rate of \$70 per foot for 5 years. Rob Miller explained that it made more sense to renew this tenant who is requiring no Tenant Improvement monies and no down time as this time due to our finances.

- d. Subway lease has been executed. This lease is for 10 years with two five year options for Shops at Sumner Place.

3. Potential deals:

- a. Rob Miller explained that there is the potential to do something exciting with the 1st floor of 4900 Massachusetts Avenue. The majority of the tenants' leases renew around June of 2012. He explained that he is working with both the retail and office brokers to see what would be the best use for this space. Rob Miller further noted that John Hopkins is looking for space in our buildings and that this might be the ideal situation for all.
- b. Joseph A. Banks and Chipotle are looking at space at Shops at Sumner Place this month and hopefully we will have a proposal from one of them shortly.

- 4. Rob Miller explained that Chico's lease expires at the end of June 2011 and that they have approached us saying that they would like a reduction in rent in that their store at the Shops at Sumner Place is underperforming. Rob Miller stated that we are working with their in-house brokers and that he has instructed our brokers that we don't want to lose this tenant but that we don't want to give the space away either.
- 5. Rob Miller explained that we have lost the appeal with PNC and that the attorneys are now working on a settlement. He stated that at this point he hopes to get a little more cash from them.

7. **Executive Compensation Committee:**

Debbie Vaughan explained that they had the 2 presentations from the consulting groups this past Tuesday and that the Committee and Board now have the tools and knowledge to make the right decision. She stated that at the April Board meeting she hopes to have a discussion with the full Board and make a final determination then.

8. **Governance and Nominating Committee Update:**

Rob Miller stated that he will be inviting the board candidates to tour the properties the day prior to our August 4, 2011 face to face meeting.

It was agreed by all that there will not be a May teleconference meeting so that our next Teleconference Meeting will be June 10, 2011 at 10 am.

It was agreed by all that the discussion regarding the Sumner Highlands would be carried over to our meeting on April 29, 2011.

There being no other business a Motion to adjourned was made by Ernest Miller and seconded by James Myers, Jr. All were in favor, none opposed. Meeting adjourned at 11:30 am.

Patricia R. Emory, Corporate Secretary

April 29, 2011

Approved