

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY
BOARD OF DIRECTORS TELECONFERENCE MEETING
September 5, 2014

Participants:

Robert (Bob) Beers, Jr.
Michael (Mike) Fallon
Geoffrey (Geoff) Miller
James (Jim) Myers, Jr.

Robert (Rob) Beers, III
Katharine (Kathy) Kile
Robert (Rob) Miller
Deborah (Debbie) Vaughan

Paul Maddock, Jr. 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.

1. **Approval of July 17, 2014**

After a lengthy discussion, the minutes are to be revised and presented for approval at the November meeting.

2. **Company Update**

a. July 2104 Financials

Rental Income is under Budget primarily due to the Chicken Out vacancy as well as those at Sumner Highlands. Operating Expenses are over budget primarily due to our legal expenses regarding the CNA lawsuit. The Net Income is below budget due to the above reasons and our investments were reduced by (\$94,033.80). There was an increase in cash of \$175,138.44.

b. CNA litigation update

There was court ordered mediation hearing on August 1, 2014 where CNA offered \$125,000 to settle on our claim of @\$800,000 which was rejected. We are waiting the Judge's ruling on our Motion for Summary Judgment.

c. Leasing Update

1. Shops at Sumner Place

Offices – 4.5% vacancy but we have seen a significant amount of traffic. There are only 3 suites available and the largest of which (2,500 square feet) has a Letter of Intent pending and there is interest in the other two suites. We are the front runner on rates in our market at \$35.00 per foot.

Retail – We remain at 0% vacancy. The International School of Music construction is completed and they should take occupancy shortly.

2. 4910 Massachusetts Avenue, NW – Remains at 100% occupied.

3. 4900 Massachusetts Avenue, NW – There is an 11% vacancy due primarily to two long time tenants retiring. We have leased half of the space to their subtenants and have relocated some others to vacant space in the building which will bring our vacancy to approximately 4%.

The ground floor vacancy has a Letter of Intent out to an office user.

4. 4315 50th Street lower level still remains vacant. The onsite manager for Avison Young will move over there and we are in the process of getting pricing to demolish the existing space.
5. Sumner Highlands is at 96% occupancy and the Capital Improvements are almost completed.

d. Washington Real Estate Investment Trust (WRIT)

The settlement is scheduled for October 1, 2014 due to WRIT's accounting requirements. All documentation is flowing between parties and the Company has hired a firm to handle the 1031 exchange.

e. Replacement Properties

Rob Miller explained that he is pursuing two different approaches for deployment of the sale proceeds. Plan A is the purchasing of a suburban property(s) at higher cap rates than we are selling at. Plan B is a "warehouse" deal whereby we purchase a triple net single user piece of property that would shelter the gain that is not covered under our loss carry forward. He further explained that he would identify two properties under Plan A and one property under Plan B when identifying properties under the rules of a 1031 exchange. Rob Miller explained that Jack and Tim McShea approached him stating that they would be interested in being a limited partner with us on some of the properties that we will be purchasing. Although, not a requirement of ours it is nice to have their expertise when reviewing potential properties. Rob Miller explained how the process of purchasing a property will be: 1) his team of advisors (Transwestern Brokers, Avison Young brokers and Jack and Tim McShea) review all properties and based on assumptions that the team arrives at from their research a document is prepared which would be the basis of what the sales price would be on any given property; 2) once a property(s) is identified, a Letter of Intent is prepared subject to full Board approval; 3) once Letter of Intent has been accepted by Seller then the transaction is presented to the Investment Committee; 4) once Investment Committee approves; and 5) the full Board will review and approve the purchase.

f. By-Law changes

A lengthy discussion occurred regarding staggered terms for the members of the Board of Directors as well as proportionate share representation on the Board. It was decided that the Governance and Nominating Committee will research these two areas, develop a list of questions for the attorneys to answer at our next Board meeting in November.

Motion was made by Robert R. Beers, III and seconded by Michael Fallon to adjourn the meeting at 11:23 am. All were in favor, none opposed.

Corporate Secretary

November 13, 2014
Approved