

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY
BOARD OF DIRECTORS TELECONFERENCE
June 8, 2012

Participants:

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

Paul (Jay) 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. Patricia R. Emory acted as Corporate Secretary for the meeting.

1. Approval of April 20, 2012 Minutes:

Motion was made by Deborah Vaughan to approve the April 20, 2012 Meeting Minutes and seconded by Robert Beers, III. All were in favor, none opposed.

2. Approval of April 21, 2012 Minutes:

Motion was made by Michael Fallon to approve the April 21, 2012 Meeting Minutes and seconded by Deborah Vaughan. All were in favor, none opposed.

3. Review of April 2012 Financial Statements:

Rob Miller explained that Rental Income is down by approximately \$500,000 due in large part to the fact that our larger retail tenants pay in lump sum their operating pass-through expenses but our books accrue the expense monthly. He further stated that although cash is down by approximately \$182,000 this month a dividend of \$200,000 was made so in effect cash is up by \$18,000 and year to date we would be up by \$59,000.

4. Company Update:

a. Shops at Sumner Place Leasing:

1. A new lease has been signed with a Beer & Wine Market that should open September/October of this year.
2. Weight Watchers lease should be finalized shortly now that another matter has been resolved.
3. With the above two transactions completed we will only have approximately 1,200 square feet of retail space to lease but said space is off the market until US Renal's Certificate of Need is granted so that we will have space to relocate the Yoga studio.

4. The office portion has approximately 1,200 square feet of space available or just a 2% vacancy. Rob Miller explained that we are in a better position than our competitors in rental rate and available space.
5. The yogurt shop has opened and is a huge success.
6. Passion Fin, the Asian Bistro and Sushi Bar, should open by the end of the month.

b. Spring Valley Leasing:

1. 4910 Massachusetts Avenue has three small spaces available with two close to signing which would leave only 1,700 square feet of space available. Rob Miller explained that we had just renewed the Washington College of Law from \$23 to \$35 per foot for three years for basement space.
2. 4900 Massachusetts Avenue has approximately 4,500 available on the first floor which we are trying to market as quasi-retail space. Rob Miller explained that the space was renting for \$28-\$30 per foot and we should now be able to get \$40 to \$80 NNN.
3. 4301 50th Street has the entire first floor still vacant. The space has been gutted and we are now marketing to get the attention of the smaller tenants.
4. 4315 50th Street's main tenant has renewed for the first and second floor but will be returning the lower level space to us. We are working with the two subtenants in hopes that they will remain in the space.
5. 4300 Fordham Road's tenant, Ski Center, lease is due to expire in June of 2013 but he approached us regarding his renewal early. Rob Miller explained that the tenant had proposed a ridiculous renewal rate and so the Company put the space on the market to see what the market would set the rate as and the tenant panicked and renewed at our blended rate of \$26.50 with a 3% escalation for 3 years.
6. Crate & Barrel's lease negotiations are agreed to in principle and the attorneys are just fine tuning the lease amendment. The main points of the transaction are as follows:
 - a. They have exercised their 3rd renewal so that the lease will be extended through May 31, 2019.

b. The Annual Base Rent has been established as follows:

6/1/2012 to 5/31/2014:	\$808,000 (\$644,000 old rent)
6/1/2014 to 5/31/2019:	\$967,450.80 (\$650,000 old rent)

c. The Amendment establishes the Annual Base Rent for the 4th extension (6/1/2019 to 5/31/2024), if exercised, to be \$1,121,540.63 (\$750,000 old rent).

d. The Landlord will receive 100% of any excess rent paid by any subtenant of the space. Said amount has been calculated into the Annual Base Rent as noted above for the period ending through May 31, 2014.

e. The Radius Restriction remains in place but the Landlord has approved the CB2 location on Wisconsin Avenue in Washington, DC.

Motion was made by Michael Fallon to approve management's execution of the Third Amendment to the Crate and Barrel Lease as outlined above and seconded by James Myers, Jr. All were in favor, none opposed.

c. **Refinancing of the Shops at Sumner Place**

Rob Miller explained that Guardian Life Insurance Company has agreed to the following terms:

1. \$30,000,000;
2. close after October 1, 2012 to coincide with MetLife prepayment issues;
3. 230 Basis points over 10 year Treasury rate;
4. Floor of 4.08% which we would lock in at;
5. 10 year loan;
6. 30 year amortization;
7. Aware of Haymount litigation;
8. Save over \$600,000 in interests cost per year.

Motion was made by James Myers, Jr. to approve management to execute the Guardian Life Insurance application, have the loan underwritten and close the loan provided that it is within the perimeters outlined above for the refinance of the Shops at Sumner Place as outlined above and seconded by Robert Beers, Jr. All were in favor, none opposed. (Michael Fallon did not vote in that he had left the call prior to this discussion.)

d. **Restructure of the Company**

Rob Miller explained that in April Maryland closed the loop hole that allowed the avoidance of transfer taxes and recording fees for a Maryland Statutory Trust.

The taxes and fees would amount to approximately \$657,000. Guardian Life Insurance is allowing the Company to leave the property in the Development Company.

e. **HLP Litigation**

Rob Miller noted that the hearing for the Motion for Summary Judgment is set for later this month.

f. **Company Website**

Rob Miller explained that the site is almost complete and all will be advised of their individual login credentials soon.

5. **Strategic Planning Committee Update**

Mike Fallon stated that the Board had accepted the Plan and the he was going to put together a document that will reflect what the various Board Committees will be responsible for. He hopes to have one more meeting prior to the July 12, 2012 meeting.

6. **Governance & Nominating Committee Update**

Bob Beers asked that all Board members review the “Qualifications for Chairman of the Board of the Miller Company” document which had been sent and to present all questions and comments to his Committee. The Committee will then review all comments and present to the full Board one document for the Board to approve at the July 12, 2012 Board meeting.

Kathy Kile stated that the attorney from Holland & Knight that is working on the By-Law revisions will be at the July 12, 2012 meeting commencing at 9 am. The attorney has stated that is should take approximately 3 hours to complete the review of the revisions. The attorney has asked that all questions and comments be presented to them in advance of the meeting.

Motion to adjourn was made by Robert Beers, Jr. and seconded by James Myers, Jr. All were in favor, none opposed.

There being no other business the meeting adjourned at 11:47 am.

Patricia R. Emory, Corporate Secretary

July 12, 2012
Approved