

**MINUTES**  
**W.C. & A.N. MILLER DEVELOPMENT COMPANY**  
**BOARD OF DIRECTORS**  
**September 13, 2013**

**Participants:**

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

Paul Maddock, Jr. was not present. The Board meeting began at 10:00 am via teleconference. Attached is the supporting documentation that was given to all members in advance of the meeting.

1. **Approval of Meeting Minutes of July 18, 2013:**

After a lengthy discussion, Debbie Vaughan requested that she be able to re-write the Committee Report on Governance and Nominating found under Section 6 b and the Board would review them at our next meeting on November 14, 2013. Further, the words “a sale or merger” in the first sentence of Section 6 c “Ad Hoc Committee” are to be replaced with “strategic alternatives”.

2. **Review of July 2013 Financial Statements:**

Company Assets have increased by \$456,794.20. The Company’s cash increased by \$282,431 this month. Our Cash and Investments total \$8,511,119.91. Rental Income is down \$187,496.80 due to not posting the real estate tax billings for Safeway and CVS (approximately \$110,000) until August. Net Operating Income is \$408,406.10 off from Budget year to date but is \$1,400,000 over last year’s Budget. Company expenses are below Budget monthly but year to date are \$19,847.32 over Budget.

3. **Company Update:**

a. **Leasing Activity:**

1. Bank of America has executed a Letter of Intent for a pad site at the Shops at Sumner Place. We are still awaiting the Bank’s Board’s approval. The will cover all build-out costs.
2. Aidan Design has stated that they wish to relocate to the offices so we are actively trying to find a tenant for their current space on the lower level.
3. Sangamore Cleaners has switched owners effective August 31, 2013. Prestige is the new operator.

4. Carroll Publishing downsized their space with us taking a portion of the giveback space. The renewed at \$32 per foot for 5 years with carpet in the common areas as the only tenant improvement.
5. Craighill, Mayfield and Fenwick renewed their lease for 5 more years at \$42 per foot with 3% escalations and tenant improvement of paint and carpet only.
6. Sumner Highlands is at 94% occupancy. It has been determined that the reason we are having problems with renting some of the units is due to the lack of closet space. We are working with our architects to come up with a creative way to add more closet space in the units.

b. Spring Valley Project on 49<sup>th</sup> Street:

Rob Miller explained that we still have a problem with bridging the culvert pipe so any future building will have to be built in such a way that the culvert pipe does not come in question. Due to this change the building will only work with a single tenant. Rob Miller explained that there is not a lot of interest from the big box tenants in that they want a Massachusetts Avenue address.

c. Prospective Purchases:

Rob Miller explained that there is not a lot of value added deals out in the market right now. A lot of investors are in the market chasing every deal. Right now anything being done in DC is expensive Class A deals. Rob Miller explained that patience will be needed here but the right deal will come along eventually.

4. **Committee Updates:**

1. Governance and Nominating Committee:

Debbie Vaughan, Chairman stated that they had had a productive meeting the minutes of which she will be forwarding to the full Board.

2. Executive Compensation Committee:

Rob Beers, Chairman, stated that the Committee has hired two consultants – the Dean Group Consulting, LLC is back along with Rusty Bozman. He stated that the Committee's work should be completed within the next 25 to 30 days. He hopes to meet next week to review and detail the CEO's goals and bonus for the 2013/2014 Fiscal Year.

3. Ad Hoc Committee:

Mike Fallon, Chairman, explained that the Committee had met with Chris Scott, tax attorney, regarding the tax consequences should the Company change their

status from a C Corp. Many avenues fell by the wayside due to the arduous tax consequences to shareholders. He stated that the next step for the Committee was to review the Argus run which McShea and Rob are preparing.

4. Audit & Finance Committee:

Jim Myers, Chairman, explained that the 2013/2014 Budget had been reviewed and approved by the Committee. It was explained that the Executive Compensation and Bonus still needs to be added to the Budget. Rob Miller explained that the comparative column is representative of actual numbers through June 2013 with July, August and September based on the budgeted numbers. After a lengthy discussion, the Chairman as for approval of the Budget by the Full Board.

**Motion** was made by James Myers, Jr. to approve the 2013/2014 Budget and seconded by Geoffrey Miller. All were in favor, none opposed.

Rob Miller noted that a letter should be sent to the Shareholders regarding the increase in their monthly repayments of the Promissory Notes.

**Motion** was made by James Myers, Jr. and seconded by Deborah Vaughan to adjourn the meeting at 10:55 am. All were in favor, none opposed.

Patricia R. Emory  
Corporate Secretary

November 14, 2013  
Approved