

**MINUTES**  
**W.C. & A.N. MILLER DEVELOPMENT COMPANY**  
**BOARD OF DIRECTORS TELECONFERENCE**  
**March 5, 2010**

**Participants:**

Robert (Bob) Beers, Jr.  
Katharine (Kathy) Kile  
Geoffrey (Geoff) Miller  
Monica Satrape

Robert (Rob) Beers, III  
Ernest (Bud) Miller  
Robert (Rob) Miller  
Deborah Vaughan

James (Jim) Myers, Jr. was absent. The Board meeting began at 10 am. Attached is the e-mail detailing the purpose of the meeting and 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 Meeting Minutes**

The following Meeting Minutes were reviewed and approved:

November 5 and 6<sup>th</sup>, 2009  
January 7, 2010  
January 29, 2010  
January 30, 2010

**Motion** was made by Robert Beers, Jr., seconded by Monica Satrape to approve the aforementioned minutes. All were in favor, none opposed.

**2. January Financial Statements**

Robert Miller explained that the Rental Income was significantly higher due to the billing and posting of the retroactive CAM for the retail tenants of the Shops at Sumner Place. He explained that he anticipates that we will receive 100% from the national tenants and approximately 50% from the “mom and pop” stores. Robert Miller did state that he is unsure when we will receive any of this money. Robert Miller stated that we currently have @\$165,000 more cash than budgeted. Geoffrey Miller inquired as to what “Plumbing Maintenance Contract” was on the Statement of Operations. McShea informed that this is where all expenses are placed when an outside plumbing contractor is used for Sumner Highlands.

**3. Update on Company Activity**

a. Reznick Matter: Robert Miller explained that we met with a forensic accountant to see if we had a possible malpractice claim against Reznick. This accountant stated that by using industry standards, Reznick’s error did not have a material effect on our Company so there is no malpractice claim here. A material effect would be an error in excess of \$1 million per year and our claim is only @\$300,000 per year. It was decided by our attorney, though, to pursue a demand letter whereby we state our claim and request the refund of all monies received by Reznick.

b. Haymount: Robert Miller explained that it has been his goal to close down Haymount but has been advised by our attorney's that due to the litigation we should not do anything for at least a year.

c. Leasing Activity: Robert Miller stated that there are no updates.

d. IRS/Payroll Tax Matter: Robert Miller explained that he was informed yesterday that the Company owes to the IRS \$512,981.33 for a 2007 payroll tax matter. Robert Miller explained the situation as follows:

1/2007: The Miller Company was handling payroll in house. Payroll taxes were paid timely including the taxes for the bonuses to the Realtor division.

2/2007: Payroll was outsourced to a payroll company.

3/2007: Payroll company issues quarterly payroll reports without including the January payroll information that was handled in house by the Company.

4/2008: IRS notifies Miller Company that there is an error with the 2007 payroll. Miller Company issues a revised 941 incorporating the payroll information for January 2007.

5/2008: IRS refunds money paid for January 2007 payroll. Miller Company sends money back along with a copy of the revised 941 that shows the money is owed.

7/2008: IRS re-issues refund check.

8/1/2008: Miller Company cashes refund check and books under Income Tax – Federal on the P/L Statement.

8/2009: Miller Company informed that there is an error with 2007 payroll. Miller Company engages Alan Gordon's office for assistance in resolving the matter.

3/4/2010: Miller Company receives notice that it owes \$512,981.33 to IRS.

Robert Miller explained that Richard Fisher of Alan Gordon's office is working with the IRS to set-up a payment plan. He noted that there is @\$60,000 in penalties that should be waived in that we did in fact pay this amount timely. He stated that he will keep the Board informed on this matter.

e. 10 Year Plan: Monica Satrape asked for an update of this plan. Robert Miller explained that he is still reviewing what McShea presented and still has some questions that need to be answered. Additionally, he stated that he is hoping to get it into a more consolidated format prior to presenting it to the Board. He hopes to have it completed shortly at which time he will forward it to all.

f. Meeting Minutes: It was asked that the meeting minutes be received by the Board members more timely and Robert Miller said that he will try to get them to within a week or two of each meeting.

g. Lot Sales: Robert Miller explained that there has been significant activity recently in the listing service and that the realtor handling the sale of them will be pushing hard to get them sold this Spring.

There being no other business the meeting adjourned at 10:41 am.

Patricia R. Emory, Corporate Secretary

**May 7, 2010**

Approved