

**MINUTES**  
**W.C. & A.N. MILLER DEVELOPMENT COMPANY**  
**BOARD OF DIRECTORS**  
**June 7, 2013**

**Participants:**

Robert (Bob) Beers, Jr.	Robert (Rob) Beers, III
Michael (Mike) Fallon	Katharine (Kathy) Kile
Geoffrey (Geoff) Miller	Robert (Rob) Miller
James (Jim) L. Myers, Jr.	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 May 10, 2013:**

**Motion** was made by Katharine Kile and seconded by Deborah Vaughan to approve the May 10, 2013 Meeting Minutes after Ernest Miller's name is removed from the participants section. All were in favor, none opposed.

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

Rob Miller noted that we had a good month and that we are only (\$78,939.91) off this month primarily due to Sumner Highlands rental activity. Increase to cash was \$488,635.02 due to receivables and prepaid rent. The year to date variance on rental income is down over budget primarily due to Sumner Highlands as well as USRC and the proposed tenant at 4301 50<sup>th</sup> Street not paying rent as budgeted. It was noted that the Cash Flow at the bottom line is ahead of budget primarily due to the refinance of the Spring Valley Retail loan and the delay of capital improvements which were put on hold until we have an understanding of the entire USRC project.

3. **Company Update:**

a. Leasing Updates:

1. Shops at Sumner Place

Rob Miller explained that leasing has been slow. He noted that a new operator for the cleaners has signed a Letter of Intent at the current rental rate. There is approximately 4,000 square feet of office space available. A portion of the vacancy will be made into a spec suit to see if this sparks interest. He explained that the Spanish school will be leaving at the end of their lease due to the noise they generate to the other tenants on their floor. The good news is that Kelly Goodman and a subtenant of hers will be taking over the space. Rob Miller further explained that Aidan Design has requested that at the time of their renewal (5/31/2014) that they be moved to the office space and give back the lower level retail space.

2. Spring Valley Retail

Rob Miller noted that Righttime Medical has declined to further pursue the site on the first floor of 4900 Massachusetts Avenue due to DC's Certificate of Need requirements. He further explained that he might reach out to see if he can get a political ruling on this in that it is illogical to require them to obtain one.

3. 4301 50<sup>th</sup> Street

The final draft of the lease has been presented to the proposed tenant for the first floor of 4301 50<sup>th</sup> Street for signature. Rob Miller noted that he hopes to have it executed shortly.

4. Sumner Highlands

Rob Miller noted that it is just below 95% leased. He noted that with the housing market so great our vacancies are exceeding budget.

b. Property Updates:

1. USRC

Rob Miller noted that all the work has been completed regarding the topping slab and the space has been turned over to the Tenant to complete their build-out. He also stated that the amendment regarding this issue has been fully executed. Rob Miller said that we are awaiting word from the structural engineers regarding the remainder of the floor but preliminary reports are very encouraging and once the report has been received he will share with rest of the Board.

2. Proposed Building at 49<sup>th</sup> Street

Rob Miller noted that he is going down parallel paths with this property. One being a single tenant and the other is multi users which would require that the building be turned to face 49<sup>th</sup> Street. This would require that a bridge be placed over the culvert pipe. This should not be a difficult task nor expensive but the DC Water Authority has stated that they will not grant us this easement. The issue is not dead and we are looking into other approaches as well as look into placing some political pressure on the head of the department.

4. **Update from Ad Hoc Committee:**

Mike Fallon stated that he and Rob Miller had a teleconference with Christopher Scott, the Company's tax attorney, bringing him up to date as well as providing him with the Committee's objectives. He stated that they discussed the broad issues and hopes that

they can be whittled down to 1 to 3 possible options. Mike Fallon noted that Christopher Scott should have a draft report to Rob Miller and himself within the next 10 days. Mike Fallon stated that the initial findings of the Committee will be presented to the full Board at the July 2013 meeting.

5. **Use of Cash:**

Rob Miller explained that it has been very difficult to find the appropriate property to add to our portfolio in that we cannot compete with the larger firms that are looking for yield as well. He noted that he has asked McShea to look at properties that are not yet on the market in the \$5 to \$7 million dollar range. He stated that patience is going to be needed in this market.

Meeting adjourned at 10:40 am.

Patricia R. Emory, Corporate Secretary

**July 18, 2013**

Approved