

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY
BOARD OF DIRECTORS MEETING
April 29, 2011

Participants:

Robert (Bob) Beers, Jr.	Robert (Rob) Beers, III
Katharine (Kathy) Kile	Ernest (Bud) Miller, via telephone
Geoffrey (Geoff) Miller	Robert Miller (Rob)
James (Jim) Myers, Jr.	Monica Satrape
Deborah Vaughan	

The Board meeting began at 10 am at the Corporate Offices of the Company. 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 8, 2011 Minutes:**

Motion was made by Robert Beers, III to approve the April 8, 2011 Meeting Minutes and seconded by Deborah Vaughan. All were in favor, none opposed.

2. **Review of March 2011 Financials:**

Rob Miller explained that the Company's financials are in-line with budget and the Cash Flow Statement of last month – only down \$80,000 in cash and had budgeted (\$70,000). He explained that biggest problem is that DC flipped tax assessments on our retail buildings in Spring Valley and we have had to go back to them to straighten it out. Until properties are correct, we are unable to bill our tenants their proportionate share of the real estate taxes. Hopefully, in June or July DC will have everything straightened out and we can recover from the tenants.

3. **Company Update:**

a. **Leasing Activity:** Rob Miller explained that the leasing activity has picked up significantly in the last quarter. He explained that there are 7 different tenants looking at spaces at the Shops at Sumner Place. He stated that it is an aggressive market and that tenants are pushing hard on rate and tenant improvement allowances. He explained that there is interest in the majority of our vacant spaces throughout our portfolio just working on making sure all of the numbers work. In regards to the retail portion of the Shops at Sumner Place, there is a lot of interest and that we just need to find the right tenant for the old Damon & Draper space and the rest will fall into place. Both Subway and MedStar have executed leases since last meeting. Rob Miller stated that our retail vacancy was 3.36% at 9/30/10 and is now at 3.77% as of 4/30/11 which equates to 7,350 square feet of vacant space. Our office vacancy was 14.5% at 9/30/10 and is now down to 10.4% or 21,800 square feet of vacant space.

b. Sumner Highlands: Rob Miller explained that there is currently an 8% vacancy equating to 10 units. McShea is running specials to get the units filled and they are lowering the prices of the units that have vacant the longest. Rob Miller explained that the head person from McShea for the apartments has been out on medical leave and has just returned so he hopes things will turn around soon. He further explained that the property is cash flow positive. A discussion occurred about the possibility of selling the Complex but Rob Miller felt that we would do better doing a joint venture here. It was decided that this would be discussed when new Board was in place.

c. Litigation Expenses: Rob Miller explained that he is working with our attorneys to reduce our litigation expenses. At present, we have the following cases:

1. Haymount: We are still in the discovery phase of the case under the Magistrate Judge. We have not heard from the District Judge who is to be ruling on our Motion to Dismiss and we do not know when that will occur. Rob Miller explained that he does not know whether or not the insurance company will pay for our expenses but we are pursuing them still.

2. Drs. Morrison/Kravitz: Dr. Morrison has filed for bankruptcy so his case ends. We have a note that was personally guaranteed by both Dr. and Mrs. Morrison and Mrs. Morrison has offered and we have accepted \$35,000 of the \$53,000 owed to settle that matter. Dr. Kravitz has a lot of assets but is threatening to file for bankruptcy if we pursue. There is a potential judgment of \$2.5 million in the aggregate but at present owes @\$361,000.

3. Hair Salon: Owes \$150,000. Pretrial is set for May 12, 2011. There is nothing to argue here. We have a personal guarantee on the owner.

4. PNC: Case is settled. PNC won the case partially in Court but came back to us with a settlement offer that increases their rent over the course of the next 10 years gaining us an additional \$100,000 in that time period.

5. Ballet Petite: This is a 3 year CAM suit in which they filed suit against us. Owes us only \$68,000 but has spent @\$250,000 in legal fees. The dispute is on how the CAM is to be calculated. Rob Miller stated that he has tried to settle the suit but that the Tenant is unwilling to.

6. Damon & Draper: 3 Year CAM suit but tenant filed for bankruptcy so the suit is over.

7. Cleaners: Rob Miller explained that we lost the CAM suit but that we are now suing for non-monetary breaches such as bringing in laundry from other locations as well as non-payment of rent.

8. Dr. Perlman: Filed bankruptcy and has vacated the premises.

d. Lot Sales: Rob Miller stated that the study period has been extended to May 8, 2011 and that the closing is still set for June 28, 2011. He stated that he feels that once the study period is over that the purchaser will try to negotiate the purchase price. He will keep the Board informed in this matter.

e. Refinance of MetLife loan for Shops at Sumner Place: Rob Miller said that he would like to have a committee/group formed to work on this project. The loan is due in January 2013. He stated that there are a lot of variables here. He would like to work on this over the summer and make a decision in early Fall. It was decided that this matter would be brought up at next meeting with new Board members in place. Further, it was discussed that we might want to explore refinancing the Burke & Herbert loan as well even though it is not up until 2016.

f. Corporate Computer System: The corporate system is old and needs to be replaced. Lyndon Grey will separate out the old systems and back them up and place our current systems on their own. Further, he will give us a fixed price to maintain this new system.

g. Company Website: Rob Miller stated that he is working with Lyndon Grey to resurrect the Company's old website but make it for the sole use of the Board of Directors and Shareholders. He hopes to place the Company's financial information, correspondence to Shareholders and the like on the site. The site would be password protected and not for public use.

h. Long & Foster's use of Miller Name: It was discussed that Long & Foster has the naming rights until February 2012. It was asked that the documents be looked at regarding the renewal of these rights. [They have (1) five year option in which they need to give us 60 day notice that they are exercising this option.]

i. Potential Building in Spring Valley: Rob Miller said that we have the ability to build an additional building in Spring Valley on the upper lot to 4900 Massachusetts Avenue. He feels that this should be the first expansion project the Company takes on. He explained that all of the approvals necessary from the citizens have been obtained. He said that the Building would have to have an underground garage structure which might make it cost prohibitive. It was agreed that an analysis of this is needed and Rob Miller said that he will work on this over the summer and report back to the Board.

4. **Indemnification of Officers and Directors:**

It was discovered while reviewing the By-Laws that a Vote needs to be made by those individuals that are members of the Board of Directors who are not named in the Haymount litigation to indemnify those that are so named in the litigation.

Motion was made by Robert Beers, Jr. and seconded by James L. Myers, Jr. that the Company will indemnify those Officers and Directors both current and former that are so named in the current Haymount litigation - all agreed, none opposed. Robert R. Miller and Ernest Miller did not vote in this matter.

5. **Governance and Nominating Committee Update:**

Bob Beers, as Chairman of the Committee, will explain to the Shareholders at the Annual Meeting tomorrow the rationale behind the picking of two new outside Board candidates for this year.

6. **Audit and Finance Committee:**

Rob Beers, as Chairman of the Committee, will explain to the Shareholders at the Annual Meeting tomorrow that it has been agreed by all Directors that a Review of the Company's financial will be done as well as an Audit of the Agreed Upon Procedures.

7. **Recognition of Monica Satrape:**

Rob Miller thanked Monica for her service on the Board and advised that he would like to do a presentation at the Shareholder meeting tomorrow.

8. **Executive Compensation Committee:**

Debbie Vaughan explained that it took from November to April to come to a conclusion regarding Rob Miller's salary and that is his needs to move up but that she does not think it can happen all at once due to the financial status of the Company.

Rob Miller stated that he was not surprised by the results of the consultants but wants to be clear to the Shareholders on how his salary is arrived at. He, further, stated that he realizes that an increase as described by the consultants cannot happen all at once. Further, he stated that he would like to wait on the discussion of his bonus/compensation package until the new Board members are in place.

Board of Directors went into Executive Session at 1:30 to 2pm whereby Robert Miller and Patricia Emory were excused from the meeting.

It was decided in the Executive Session that Robert Miller's salary would be increased to \$18,000 per month retroactive to October 1, 2010 and that his salary would be further increased as of October 1, 2011 to \$21,000 per month. The catch-up pay for the period October 1, 2010 to May 1, 2010 would be made as soon as feasibly possible. Further, it was decided that a Compensation Package would be discussed once the new Board members are here.

Rob Miller asked that the Company start paying him directly not through his own personal company, RPM Investments. He stated that he will work with our employment attorneys and insurance company to make this happen.

There being no other business a **Motion to Adjourn** was made by Ernest Miller and seconded by Deborah Vaughan. All were in favor, none opposed. Meeting adjourned at 2:05 pm.

Patricia R. Emory, Corporate Secretary

June 10, 2011

Approved