

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY
BOARD OF DIRECTORS TELECONFERENCE
June 11, 2010

Participants:

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

Geoffrey Miller 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. **April 2010 Financial Statements:**

Rob Miller explained that cash was greater than anticipated due to the fact that accrued but unpaid expenses were pushed out another thirty days. He also noted that we booked the Bad Debt expense at the Shops at Sumner Place, writing off one half of the 3 year CAM expenses that was billed to the tenants in January 2010.

2. **Reznick Legal Matter:**

Rob Miller stated that the demand letter has been sent to Reznick demanding @\$700,000 and we are now waiting for a response.

3. **Haymount:**

Rob Miller explained that McGuire Woods had been court ordered to work with us during the post judgment discovery period. Further, we have now received a second set of discovery that Holland & Knight is assisting us with, in that the discovery appears to be going beyond the scope of the original lawsuit of Ted Miller, John Clark and Haymount LP. They are now looking at Haymount Mezz, ESI and Miller Development Company. Holland & Knight is there to ensure that they do not get to the Development Company. Bottom line there will be more expenses incurred here.

4. **3 Lots in Montgomery County for Sale**

Rob Miller explained that we are still lowering price on these lots by 3% every three (3) weeks. The current price is \$676,000 and our threshold is \$600,000. He explained that we are getting a tremendous amount of activity but still no offers. The lots are the cheapest in the area.

5. **Burke & Herbert Curtailment:**

Rob Miller explained that he is working with Steve Shaw of Philips Capital to see if Burke & Herbert are willing to allow us to split the curtailment payment that is due in

August. What is being proposed is that we would pay one half [339,250] in August and the balance no later than January 2011. If this is not approved, Rob Miller explained that we are prepared to pay in full in August but it will reduce our cash to 1.4 million but that the cash jumps back up in October.

6. **IRS:**

Rob Miller explained that we still have not heard from them but that we are making monthly payments of \$11,000 towards the outstanding balance.

7. **Springvale Meadows Site Work:**

Rob Miller explained that he had not included the expenses relating to the final site work needed to complete the Company's responsibilities to the County and State in the Springvale Meadows subdivision in the 2009/2010 Budget. He had included the work in the prior year's budget but did not carry over the balance outstanding for the work that had not been completed into this year's budget. The total expenses are @\$86,000 and in that this amount exceeds the threshold that has been imposed on him for expenses he needs the Board's approval to proceed. He did note that the expenses are included in the current cash flow statement the Board receives.

Motion was made by Ernest Miller that Robert Miller is allowed to spend up to \$86,000 to complete the site improvements at Springvale Meadows. Second was made by James L. Myers, Jr. All were in favor, none opposed.

8. **Leasing Activity:**

- a. Offices at Shops at Sumner Place: Rob Miller explained that there is approximately 13,000 square feet of office space vacant. He explained that we are seeing increased activity but no solid deals as of yet. He stated that we are getting @\$27.00 per foot for renewals and new tenants.
- b. 4900 Massachusetts Avenue: There is 2,500 square feet vacant. Rob Miller explained that our largest tenant, Spring Valley Pediatrics is up for renewal on 1/31/11 and we are working hard to keep them in the property.
- c. 4910 Massachusetts Avenue: There is @5,600 square feet vacant due to the disbanding of a medical practice. We are currently showing portions of the space to 3 prospective tenants. Renewals in the building are coming in at \$36 to \$36.50 per foot with little tenant improvement money needed.
- d. Shops at Sumner Retail:
 1. Rob Miller explained that Unleashed by PetCo was to be meeting yesterday about our space but we have not heard anything.

2. TD Bank has approached us for the same space [Damon & Draper] and we are working on a Letter of Intent at \$47 per foot which is \$15 higher than Unleashed's deal. They are also looking for an ATM/drive-in site but the lease will not be conditioned on them receiving it. Rob Miller stated that he will be reviewing all documents relating to the expansion of the Shops to see if there is the ability to add an ATM and if so where. No matter what, we will work with TD Bank in obtaining the necessary approvals for this.

3. Rob Miller mentioned that PNC attempted to exercise their option to renew but at the time they were in default so the option expired. We are at present negotiating with them on the rental rate for the renewal period. We have been advised that we should be able to double their rent.

4. Former Ritz space. One of the prospective tenants is Baskin Robbins and we should get @\$40 per foot for the space. The Letter of Intent should go out sometime next week.

5. Former Pet Store. Edible Arrangements will be moving there from their current location which clears the way for John from Acqua Nails to take over the Salon businesses.

6. Former Booktopia. Massage Envy is interested in taking over this location and the current space occupied by Potomac Video, who has expressed that they will not be renewing and would entertain leaving early if that helped us. The Corporate entity of Massage Envy has approved this location and we are just waiting on the Letter of Intent.

9. **MetLife and SPE entity for Shops at Sumner Place:**

Rob Miller said that he had a follow-up conversation with our representative from MetLife and that they are not interested in extending our loan at this time. The biggest problem here is that they think the property is valued at only \$36 million which would mean with the current underwriting criteria we would have to bring @\$4 million to the table. He said that this just pushes us harder to lease up the property prior to the loan renewal in January 2013.

10. **Alan L. Gordon, CPA, PA Engagement Letters:**

Rob Miller explained that Rob Beers had executed the engagement letter with Mr. Gordon for the review. We should expect an engagement letter regarding the review of the Company's controls within the next few days which will be sent to Rob Beers for review and approval as head of the Audit & Finance Committee.

11. **10 Year Projection:**

Rob Miller explained that the reason for the delay in getting this to the Board is two-fold. One, the person for McShea who is preparing this has cancer and is not in the office full

time and two, Rob Miller explained that he had not given the project as much time and attention as this project needs. He stated that he will have a condensed version to the Board prior to our next teleconference meeting which is currently scheduled for Friday, July 2, 2010.

There being no other business the meeting adjourned at 10:55 am.

Patricia R. Emory, Corporate Secretary

July 2, 2010

Approved