

**MINUTES**  
**W.C. & A.N. MILLER DEVELOPMENT COMPANY**  
**BOARD OF DIRECTORS**  
**July 12, 2012**

**Participants:**

Robert (Bob) Beers, Jr.  
Michael (Mike) Fallon  
Paul (Jay) Maddock, Jr.  
Robert (Rob) Miller  
Deborah (Debbie) Vaughan

Robert (Rob) Beers, III  
Katharine (Kathy) Kile  
Geoffrey (Geoff) Miller  
James Myers, Jr.

The Board meeting began at 9:00 am at Columbia Country Club. 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. Ernest (Bud) Miller joined the meeting at 10:30 am via speaker phone.

1. **Review of Proposed By-Law changes with Governance & Nominating Committee and outside counsel, Adam August.**

Adam August of Holland & Knight presented to the Board answers to the various questions each Board member had regarding the changes that are needed to the By-Laws so that they conform to Delaware law, how the Company is run and to make them consistent in phrasing throughout. After lengthy discussions the following Motions were made regarding the various changes needed to be made to the By-Laws.

- a. **Motion** was made by James Myers, Jr. and seconded by Michael Fallon to replace the language in Article IV ‘Officers’, Section 9 ‘Indemnification’ with the proposed language that Holland & Knight prepared which is attached and made part of these minutes. All were in favor, none opposed. Ernest Miller was not present for voting.
- b. **Motion** made by Robert R. Miller to change the consent of Shareholders needed from unanimous to 80% in Article II ‘Meeting of the Shareholders’, Section 6 ‘Voting, (d) and seconded by James Myers, Jr. All were in favor, none opposed. Ernest Miller was not present for voting.
- c. **Motion** was made by James Myers, Jr. and second by Paul Maddock, Jr. that Article IV ‘Officers’, Section 3 ‘Removal’ should be modified as follows so that the Shareholders have the right to remove the Chairman of the Board:

“Any officer [other than the Chairman of the Board] may be removed, either with or without cause, and a successor elected by ~~the Board at any time~~ an affirmative vote of the majority of the Board of Directors at any regular or special meeting of the Board of Directors. [The Chairman of the Board may be removed, either with or without cause, at any time by the holders of a majority of

the shares then entitled to vote at an election of the Chairman of the Board.”]

All were in favor, none opposed. Ernest Miller was not present for voting.

[Note: the bracketed [] portion of the above Motion was reversed under Section 8 of these minutes below.]

- d. **Motion** was made by James Myers, Jr. and seconded by Michael Fallon that Article IV ‘Officers’, Section 1- Number, Qualifications, Elections and Term of Office (a) and (d) be modified as follows so that they are consistent with each other:

“(a) The officers of the Corporation shall consist of a Chairman of the Board, a ~~President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers, assistant officers and agents, as the Board of Directors may from time to time deem advisable. The Board of Directors deemed it advisable to create (and did create) the office of Vice Chairman (October 25-26, 2007). Any officer may be, but is~~ Vice Chairman of the Board, a Chief Executive Officer, and a Secretary/Treasurer. The offices of the Chief Executive Officer and of Secretary/treasurer may be, but are not required to be, ~~a director~~ held by directors of the Corporation. ~~Any No~~ two or more of these offices may be held by the same person, ~~except the offices of President and Secretary.~~”

“(d) The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the ~~board~~ Board of Directors. Any two or more such appointed offices may be held by one person, including any of the persons holding the offices of Chairman of the Board, Vice Chairman of the Board, Chief Executive Officer and Secretary/Treasurer.”

All were in favor, none opposed. Ernest Miller was not present for voting.

- e. **Motion** was James Myers, Jr. and seconded by Paul Maddock, Jr. that Article III “Board of Directors”, Section 7 “Manner of Acting” (a) shall be modified as follows so that a succession plan for the Chairman of the Board is established.

“(a) [The ~~shareholders~~ stockholders shall elect the Chairman of the Board at the annual meeting of ~~shareholders. The Chairman shall be a director and shall preside at all meetings~~ stockholders.] The Chairman of the Board and Vice Chairman of the Board shall be directors of the Corporation. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or

in his or her absence by the Vice Chairman of the Board, or in the absence of the foregoing persons by the Chief Executive Officer, or in the absence of the foregoing persons by a chairman designated by the Board, or in the absence of such designation by a chairman chosen at the meeting. He or she shall hold office until the annual meeting of ~~shareholders~~ stockholders next succeeding his or her election, and until his or her successor shall have been elected and qualified or until his or her death, resignation or removal.

All were in favor, none opposed. Ernest Miller was not present for voting.

[Note: The bracketed [] portions of the Motion above were reversed under Section 8 of these minutes below.]

- f. **Motion** was made by James Myers, Jr. and seconded by Geoffrey Miller that Article III "Board of Directors" Section 1 "Number, Election and Term of Office:" shall be modified as follows:

(a) The number of the directors of the Corporation shall be ~~ten~~ ~~(10)~~ no less than five (5) but no more than eleven (11), unless and until otherwise determined by vote of the majority of the entire Board of Directors. ~~It is further recommended, in consultation with the shareholders that five (5) directors be descendants of the founding shareholders (family directors) and that four (4) directors be persons who are not shareholders or employees of the Company [changed in 2006].~~ The number of Directors shall not be less than three (3) unless all of the outstanding shares are owned beneficially and of records by less than three ~~shareholders~~ (3) stockholders in which event the number of directors shall not be less than the number of ~~shareholders~~ stockholders."

Eight (8) Directors were in favor and one opposed. Ernest Miller was not present for voting.

2. **Approval of June 8, 2012 Minutes:**

**Motion** was made by Robert Beers, Jr. and seconded by Deborah Vaughan to approve the June 8, 2012 Meeting Minutes as corrected on page 3 c. All were in favor, none opposed.

3. **May 2012 Financial Statements**

Rob Miller explained that the reason that the year to date Rental Income is off by \$360,028.22 is due primarily to the fact that some of the retail tenants are billed on an annual basis but the Budget is accruing an amount monthly. He further explained that our cash position would be higher if we had not paid a dividend, the entire amount owed to IRS and DC for the 2007 withholding taxes error.

4. **Ski Center Lease Amendment**

Rob Miller explained that pursuant to the Agreed Upon Procedures, he will need the Board's approval to Amend the Lease with the Ski Center under the following terms:

- a. Three year renewal (7/1/2013 to 6/30/2016);
- b. One (1) three year option;
- c. Blended rate of \$26.50 per square foot;
- d. 3% yearly escalation;
- e. Percentage rent of 6% over natural break point of \$4.2 million.
- f. No Tenant Improvements.

**Motion** was made by Michael Fallon and seconded by Robert R. Beers, III that management may Amend the Ski Center lease according to the terms outlined above. All in favor, none opposed.

5. **Company Update**

a. Leasing Update:

1. Shops at Sumner Place:

Rob Miller reviewing the leasing chart attached. He noted that all of the retail at Shops at Sumner Place is full with the exception of one space which we are holding for Simon Says Yoga who will need to relocate to that space due to US Renal Care lease once the contingencies have been removed.

2. Spring Valley Offices:

Rob Miller explained that the vacancy on the first floor at 4900 Massachusetts Avenue is a planned vacancy in that we are marketing as a retail space. There has been interest by several banks for the space.

4301 50<sup>th</sup> Street:

Rob Miller explained that the vacant floor has been gutted and are working with an architect to design some spec suits.

3. Parking Lot on 49<sup>th</sup> Street:

Rob Miller explained that the expansion of 4900 Massachusetts Avenue as agreed to with the citizens is not a financially doable expansion. He said that he had met with a zoning attorney to see how best to approach the citizens with a revised plan whereby we would build a 10,000 square foot building with retail on the ground floor and residential above.

4. Market Review:

Rob Miller explained where the Miller portfolio vacancy stands in relationship to its competitive set.

Spring Valley Office: 5.5% for Miller and 8% for Market  
Shops at Sumner Place Office: 3.6% for Miller and 8% for Market  
Spring Valley Retail: 4.4% for Miller and 16.4% for Market  
Shops at Sumner Place Retail: 1% for Miller and 10% for Market

b. HLP Litigation:

Rob Miller explained that we had won our Motion for Summary Judgment. He explained that the Plaintiff has 30 days from the ruling to file notice of Appeal. This would be done, our attorneys advise us, to open a dialogue for settlement. The Board asked about us seeking reimbursement from our insurance carrier for our D&O policy and Rob explained that we need to wait until 30 days are up and then notify if the Plaintiff has not filed for an Appeal.

c. Guardian Life Insurance Company of America (refinance of Shops at Sumner Place):

Rob Miller stated that the application has been executed and our deposit of \$600,000 has been sent. We have locked in at 4.08%. The appraisal has been done. Close is to occur on October 1, 2012 at which time the \$600,000 will be returned.

d. 11 Year Projection:

Rob Miller explained that the chart is for discussion purposes only. This just gives an idea of the potential stream of dividends that Company could produce over the course of the next 11 years.

e. Change of Fiscal Year to Annual:

Conversation occurred in review of By-Laws

f. Corporate Structure of the W.C. and A.N. Miller Development Company:

A discussion was had as to what is the best structure for the Company financially as well as for the shareholders. It was decided that the Company would stay as a C Corporation until such time as all of the loss carry forwards have been used then to convert the Company to an S Corporation. It was asked that Rob Miller is to prepare an analysis of transferring all or a part of the Sumner Highlands LLC to the shareholders.

6. **Strategic Planning Committee Update.**

Mike Fallon, Chairman, noted that the Plan has been finalized and that he will circulate to the effected Committee Chairman the oversight responsibilities that have been assigned to them.

A lengthy discussion occurred regarding the Company's investment policy. The Board did not come to an agreement regarding the required projected rates of return for future investments. It was noted that the required rate of return would be dependent upon the details of each investment as well as the returns available at that time in alternative investments. It was decided that Rob Miller would present all proposed investments to the board for approval.

**Motion** was made by James Myers, Jr and seconded by Robert Beers, III to eliminate the Investment Committee. All in favor, none opposed.

7. **Reappointment of the Board Committees and their Chairman.**

Audit & Finance: Rob Beers, Chairman  
Jim Myers  
Mike Fallon

Executive Compensation: Debbie Vaughan, Chairperson  
Geoff Miller  
Jay Maddock  
Bud Miller

Governance & Nominating: Bob Beers, Chairman  
Kathy Kile  
Jay Maddock

**Motion** was made by Paul Maddock, Jr. and seconded by Robert Beers, III that the appointment of the Directors to the Board Committees as noted above shall be affirmed. All in favor, none opposed.

8. **Report from the Governance and Nominating Committee.**

A discussion occurred regarding what qualifications a Chairman of the Board should have. It was decided that the Board nominate a slate of Directors designating who should be Chairman and Vice Chairman. The Shareholders only vote for a Director not a Chairman. A Chairman must be an existing Director not a newly appointed one.

**Motion** was made by Robert Beers, III and seconded by Paul Maddock, Jr that portions of the Motions that were made in 1 c & e above be stricken where it states that the stockholders may elect and/or remove the Chairman of the Board. All in favor none opposed.

**Motion** was made by Robert R. Miller and seconded by James Myers, Jr. that the By-Laws be modified to reflect that the Stockholders are electing only the Directors and that the full Board of Directors elects the Chairman and Vice Chairman. All in favor, none opposed.

Bob Beers, Chairman, proposed that all nominations for Chairman of the Board and Directors be communicated to his committee no later than August 15, 2012. The slate will be presented to the full Board of Directors by October 1, 2012 and sent to the Shareholders in the packet for the Annual Meeting.

9. **Report from Executive Compensation Committee.**

Debbie Vaughan reported that her Committee will be meeting with Rob Miller on September 7, 2012 to review past performance and goals for the 2012/2013 fiscal year. She further explained that her Committee will be meeting quarterly with Rob to receive an update on his progress of meeting/exceeding the goals established by her Committee.

10. **Report of the Audit & Finance Committee.**

Rob Beers, Chairman, noted that he had received Alan Gordon's agreements regarding the Review of the 2011/2012 Fiscal year books as well as the preparation of the Agreed Upon Procedures review and that he would be executing them shortly.

He further stated that he hopes to receive the Budget from Rob Miller for the 2012/2013 fiscal year the first week of September 2012 so that the Committee has adequate time to review, make changes if necessary and present to full Board prior to the commencement of the fiscal year, October 1<sup>st</sup>.

**Motion** to adjourn was made by Michael Fallon and seconded by Deborah Vaughan. All in favor, none opposed. The meeting adjourned at 2:55 pm.

Patricia R. Emory, Corporate Secretary

September 7, 2012

Approved