

**MINUTES**  
**W.C. & A.N. MILLER DEVELOPMENT COMPANY**  
**BOARD OF DIRECTORS TELECONFERENCE**  
**June 10, 2009**

**Participants:**

Robert (Bob) Beers, Jr.	Katharine (Kathy) Kile
Ernest (Bud) Miller	Robert R. Miller
Geoffrey (Geoff) Miller	James (Jim) Myers, Jr.
Monica Satrape	

Not Attending: Robert (Rob) Beers, III and Deborah Vaughan were not present

The Board meeting began at 10 am. Attached is the e-mail detailing the purpose of the meeting and supporting documentation that were given to all members in advance of the meeting. Patricia R. Emory acted as Corporate Secretary for the meeting.

1. **May 20, 2009 Board Meeting Minutes**

**MOTION:** Motion was made by Bob Beers and seconded by Geoff Miller that the minutes of the May 20, 2009 as written were to be accepted. All were in favor, none opposed.

2. **April 24, 2009 Board Meeting Minutes**

**MOTION:** Motion was made by Bob Beers and seconded by Jim Myers that the minutes of the April 24, 2009 as written were to be accepted. All were in favor, none opposed.

3. **Restatement of the September 30, 2008 Financial Statements:** A discussion was had in regards to the review process by the Audit and Finance Committee whereby Jim Myers stated that no formal minutes of their teleconference were taken but that the statements were reviewed and accepted by the committee. Rob Miller explained that the unreconciled statement was JD Edwards information with input from Jim Urdanick. The Reconciled statement reflects the sale of Haymount, review of all of the accounts and removal of items from dead accounts. Rob Miller explained that the HLP interest was booked on our books at the value at which we purchased it (\$825,023) and that under Notes Payable the full note of \$8,250,229.96 is there as an accounting entry and that there is no obligation to repay this. It was asked that an explanation of the write-off under Other Non-Current Liabilities be provided and below is the explanation:

The variance on the Balance Sheet under Non-Current Liabilities of \$2,595,000.06, represents a deferred tax liability. In reviewing our files we could not tie this number to a specific source and therefore I decided along with advice from the Company's accountant, Alan Gordon, to eliminate this entry. There is likelihood that we will be adding a comparable number back to the Balance Sheet at a future date. This

number relates to the process by which we report our rental income. On our statement, we reflect the actual rental income however to comply with GAAP and tax reporting requirements rental income is stated on a straight line basis. Therefore, under most circumstances, we reflect rental income which is in excess of what is actually collected. This is what creates the deferred tax liability. You will note on the Balance Sheet the liability is in parenthesis which in essence should be reported as an asset. That correction will be made going forward

**MOTION:** Motion was made by Bob Beers and seconded by Geoff Miller that the Restated September 30, 2008 balance Sheet and Profit and Loss Statements are accepted. All were in favor, none opposed.

4. **April 2009 Financial Statements:** Rob Miller explained that under Assets – accrued Revenue – Leaves – this amount stayed on the books in that we received some money in 2009 but that the balance will be written off at end of the current fiscal year. Accrued Liabilities reduction is due to real estate tax payments. On the Profit and Loss statement, Rob Miller explained that the rent expenses are higher than budget year to date due: (a) to utilities being higher than budget due to incorrect information provided to McShea; (b) it has taken longer than anticipated switching to discounted rate for electric; (c) parking lot management company provided incorrect data for budget; (d) cleaning company data was incorrect. Rob Miller noted that depreciation is off as well. The variance on the One Time Severance is due to the payment to Pasko and Farrell in lump sum versus paying that out over 12 months as was budgeted. The negotiated settlements with Pasko and Farrell will result in significant savings from the budget over the next 12 months. Rob Miller stated that if there were any further questions please give him a call.
5. **Audited Statement:** Rob Miller stated that after the April Board meeting the By-Laws were reviewed and it was discovered that there is no requirement to provide an audited statement. He further stated that it will be up to the Finance and Audit Committee to decide whether or not there is a need for an audited statement. Bud Miller stated that for several companies that he is associated with they have a review one year and an audit the following year due to the expense of an audit. Rob Miller explained that once the tax returns are complete, he will be adding the deferred taxes to the Balance Sheet. Jim Myers stated that the amount can only be the amount that you reasonably expect to use. Monica Satrape asked that we footnote the Balance Sheet once this amount is added.
6. **Shareholders Update:** Rob Miller stated that now that the financial statements have been approved an update will be sent to the Shareholders. It was asked by all that the process of how we approved the financials be added to the letter.
7. **F & R Settlement:** Rob Miller explained that the settlement is hopefully going to be by the end of this month if not early part of July.
8. **Burke and Herbert:** Rob Miller explained that we are moving forward was this transaction and that we will probably come out of pocket @\$1,500,000 leaving us with \$2,000,000 in cash. Rob Miller stated that this remaining cash balance is less than what

he would like but that we would have to spend the same amount with Chevy Chase. Rob Miller also explained that if the transaction with Burke and Herbert does not go through, Chevy Chase will still work with us.

9. **Sumner Highlands**: The apartments are currently 72% leased.
10. **July Board Meeting**: It was agreed by all that there will not be a formal meeting in July just a teleconference.
11. **Governance and Nominating Committee**: Bob Beers stated that he thought that this Committee was voted on in the April meeting. After further review, it has been discovered that the Committee was not voted on and that the members from last year, Bob Beers, Monica Satrape, Debbie Vaughan and Ben Wafle, minus Ben Wafle who is no longer on the Board, are working amongst themselves on this Committee.

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

Patricia R. Emory, Corporate Secretary

**NOVEMBER 5, 2009**

Approved