

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY
BOARD OF DIRECTORS TELECONFERENCE
March 6, 2009

Participants:

Robert (Bob) Beers, Jr.
Katharine (Kathy) Kile
Geoffrey (Geoff) Miller
Monica Satrape

Robert (Rob) Beers, III
Ernest (Bud) Miller
Robert R. Miller

Not Attending: James (Jim) Myers, Jr. and Deborah (Debbie) Vaughan

The Board meeting began at 10 am in the corporate offices. Attached is an Agenda that was given to all members in advance of the meeting but has been revised to reflect the order of business during the meeting. Patricia R. Emory acted as Corporate Secretary for the meeting.

1. January Financials:

a. December error: An error on the December statements had been found. It was a double posting of \$100,000 between Sumner Highlands and McShea.

b. Rental Income: The rental income was down due to a timing issue of booking of the pass throughs -- they are budgeted to be booked in January but were not done until February.

c. Computer Consultant: Computer consulting fees were up due to consultant did not bill for 3 months as well as more issues with JD Edwards then originally thought to have.

d. Legal – Haymount: This was high due to paying legal bills for a lawsuit that Haymount is involved in. Rob Miller explained that the suit is against Haymount, Ted Miller and John Clark, as individuals. Suit stems from a broker who introduced another broker who in turn introduced GMAC to Haymount. The first broker went bankrupt and the bankruptcy court is bringing suit to collect approximately \$3,000,000 they feel is owed. Rob explained that there shouldn't be a lot more fees in that Ted Miller and John Clark have been dismissed from the case leaving only Haymount and the only asset Haymount has is any upside to the Avanti deal.

e. Accounting Fees: These were higher due to having to hire a temp to help with JD Edwards and all that it entails. Temp should be done within 60 days. Rob Miller stated that all sub companies taxes have been done and they are working on the Development Company now.

f. One time Severance: Rob Westbrook was paid out this month – a little higher due to leave owed but not budgeted.

Rob Miller explained that although the financial statements are off from budget by @\$180,000 he knows that the Company is doing OK. He went on to explain that the buildings continue to lease up, LPQ will begin paying rent on March 1st, Burdeshaw and Case are fully

executed and we just completed a deal with Stone Photography for \$31 a foot. Spring Valley is 100% leased and only 6,000 available at Shops at Sumner Place. We have good activity. There is some push back from existing tenants about the rental increases but new tenants are fine with the rental rates. Rob Miller explained that some tenants are requesting reduction in rents and that the Company does not forgive rents but defers them and if deferral is longer than 24 months a promissory note is written.

Rob Miller explained that there are still issues with the Balance Sheet with the Company moving from an investment company to a holding company – it is basically a work in progress. Within the next 60 days a much leaner balance sheet.

2. Reznick:

Rob Miller explained that the fees were not to exceed \$100,000 but Reznick tried to bill more and then would not share work papers until we paid. When McShea took over they discovered an error in the way the pass throughs were billed at Shops of Sumner Place resulting in an under billing of @50% to some tenants. It was thought that we would need Reznick's help in preparing taxes but have found that that is not the case and so Rob Miller has been in touch with a malpractice accounting attorney. The attorney will look at our documentation and at no charge evaluate whether or not we have a case against Reznick.

3. Chevy Chase Line of Credit:

The Line is up on April 1, 2009. Rob Miller explained that he met with the Bank and that they will extend the line for another year with a six month extension if needed. We are currently awaiting commitment letter. Currently we owe 15.2 million. Rob Miller explained that if we tried to refinance we would only get @\$13 million and we would need to fund the shortfall. This renewal will give us time to either get the income on the collateral up and or come up with the case. Rob Miller explained that we may have to come up with some cash to pay down the line to 14.8 or 14.9 depending on the appraisal of the collateral. Rob Miller explained that all other loans have enough term that they are in good shape. Rob Miller explained that Chevy Chase Bank was sold to Cap One and that we have been told that Cap One does these types of transactions. Rob Miller further explained that all new loan documents will be prepared due to the original loan dates back to 1999 and it has become unweilding.

5. Vincent Pakso and Jim Farrell employment matters:

Rob Miller explained that Pasko has agreed to our settlement offer of \$225,000 and the forgiveness of his loan in principle just not signed. Rob Miller explained that after legal fees, the net savings should be \$94,000. Rob Miller further explained that this is a lump sum which affects the budget in that his severance was budgeted to be paid over 12 months. We have offered Farrell \$125,000 and he wants \$170,000. He countered at \$145,000 and we explained that \$125,000 is our best offer. Even if we have to settle for \$145,000 we are still saving \$25,000.

6. Other Items:

a. Pending Litigation. Bob Beers asked if there were any lawsuits that the Company might be facing. Rob Miller explained that there is the Long & Foster suit in regards to the roof matter at the Potomac Sales Office. This is a nuisance suit and we are trying to be dismissed again under summary judgment.

b. Apartments: 60 units rented at @58%. Bob Beers asked if there are any issues with loan covenants in regards to percentage rented and Rob Miller stated that he is not aware of any. Rob Miller further explained that McShea is on target for full lease up by June.

c. Chandlee Mill: Property has been brought up to shape for approximately \$40,000. Rob Miller explained that when he walked the property he noticed that there were abandoned vehicles on our property as well as a ½ concrete slab on the property. Rob Westbrook has gotten in touch with the owner and these items will be taken care of. Once the outside of the property is done, when weather is warmer, the price will be lowered to \$850,000. We will give it 60 days and then refinance with a conventional loan and rent out.

4. April Meeting:

Meeting will be held at Columbia Country Club at 10 am on April 24, 2009. It was suggested that the budget be revised to reflect what will be happening going forward based on what has occurred so far. It is hoped that the budget will be part of the financial statements by April. The tentative agenda is as follows:

- a. Go over financials
- b. Update on status of properties – leasing; capital expenditures
- c. Accounting Issues – do we need an audit – upside/downside
- d. Structure of the Board - committees; roles
- e. Size of Board for 2010.
- f. Difference of Company going from Investment to Holding Company
- g. Strategic Planning
- h. Debt to Equity Ratio

Meeting concluded at 11:10 am.