

MINUTES
W.C. & A.N. MILLER DEVELOPMENT COMPANY
BOARD OF DIRECTORS TELECONFERENCE
March 11, 2011

Participants:

Robert (Bob) Beers, Jr.
Katharine (Kathy) Kile
Geoffrey (Geoff) Miller
James (Jim) Myers, Jr.
Deborah Vaughan

Robert (Rob) Beers, III
Ernest (Bud) Miller
Robert Miller (Rob)
Monica Satrape

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. **Approval of January 20, 2011 and February 11, 2011 Minutes:**

Rob Miller noted that on page 2 of the February minutes Dr. Elliott's per square foot rate is \$38.

Motion was made by Deborah Vaughan to approve the January 20, 2011 and February 11, 2011, as corrected, Meeting Minutes and seconded by Ernest Miller. All were in favor, none opposed.

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

Rob Miller noted that cash was down by \$59,000. Gross Income was off by \$87,445 primarily due to the improper posting of Safeway [only could crawl back 1 year per the lease] & Long & Foster [error in lease whereby the mathematical calculation was different then the written] prior year recoveries. He, further, noted that everything else was in line with the exception of snow removal due to severe ice storms in December and January that have put us over budget for the month by \$22,000 but year to date we should be under budget.

Ernest Miller asked for an explanation of the difference of OE and OE Annex. After the meeting, Rob Miller went to McShea who stated that these accounts represent the income received from the tenants for operating expenses. Due to an error, theses accounts are not properly separated between office and retail and will be corrected with the February statements.

Rob Miller noted that the Haymount litigation is still continuing to cost approximately the Company approximately \$15, 000 to \$20,000 per month for the foreseeable future.

Rob Miller explained that Alan Gordon was in line with budget for his Review/Tax Return work as well as the Internal Controls Review. The accounting fees are over budget due to the work that had to be done in cleaning up all of the asset accounts.

Rob Miller explained that the Company is down (\$86,904.06) and down in cash by (\$59,914) but that we had paid \$105,608 in debt reduction and \$43,000 in Tenant Improvements.

3. **Reforecast:**

Rob Miller explained that the reforecast is showing the actual information for the months October through January and a reforecast of the months February through April and the budgeted information for May through September.

Rob Miller explained that the reforecast shows that we are \$250,000 down which is primarily due to the prior year collectibles that we had anticipated to collect but will not be able to.

Bud Miller inquired whether or not the Cost of Sales on the 3 lots in Montgomery County should be below the line. After the meeting, Rob Miller spoke with Alan Gordon who stated that the way we are presenting the information is the correct way.

It was noted in the meeting that there were some mathematical errors in the chart and so Rob Miller said that it would be reviewed and resent to the Board members early next week.

4. **Montgomery County Lots:**

Rob Miller noted that the contract had been signed selling all 3 lots for \$630,000. The purchaser was given 60 days to review and then another 60 days to close. He stated that he felt good about this deal and that we had about 5 weeks left in the study period.

5. **Update on Company:**

- a. Rob Miller noted that he had a very successful meeting with our new retail leasing brokers, Streetsense. There appears to be a lot of interest in the retail space at the Shops at Sumner Place.
- b. Subway lease is done with the exception of finding a franchisee to run the store. There is a \$10.00 a foot tenant improvement allowance given to the tenant.
- c. Kick's Karate is in final lease negotiations. There is a \$10 a foot tenant improvement allowance.
- d. Chicken Out/4866 Massachusetts Avenue: Tenant had an option which they failed to exercise which becomes a win fall for the Company. There are 7 very interested restaurants looking at the site. We will be holding off executing any deals until we see them all.

- e. MedStar: We are in final lease negotiations with them. They will be taking Dr. Perlman's space once he vacates the end of April. \$47 per foot with a \$20 per foot tenant improvement allowance.
- f. Center Pharmacy/Pet Pharmacy: Looking for a presence at Shops at Sumner Place. It would be nice to get the balance of 1st floor of 4900 Massachusetts Avenue in that John Hopkins is looking to open a clinic like MedStar in the area.
- g. 4301 50th Street: Washington College of Law (AU) has signed to take the lower level. Demolition of the space began today. They are not interested at this time to take over the remainder of the building so we are pursuing other leads.
- h. Office space at Shops at Sumner Place: We have been making smaller office spaces and painting and carpeting them and they are being leased quickly for short term deals in an "as-is" condition. We will be working on 2 additional spaces this month.

6. **Haymount:**

Rob Miller explained that we have not heard back from the insurance company about defending us in this litigation. He explained that the Plaintiff is trying to obtain the names of the members of Miller Investment and ESI Ventures. We are, at present objecting to this but if this information has to be disclosed, the Company will be representing them in that all our interests are the same. Bob Beers suggested that the attorneys prepare a statement for us to send to them so that they will be prepared once it is determined that their names will be disclosed to the Plaintiff.

7. **Reznick:**

Rob Miller explained that we have received the settlement check for \$50,000 from Reznick.

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

Bob Beers explained about the meeting in Orlando with the three candidates. He further explained that Bud Miller will step down at the end of next year and thus there is a need for a smooth transition with any new board member.

Motion was made by Robert Beers, Jr. to extend the offer of a position on the Board of Directors to both Jay Maddox and Michael Fallon at \$30,000 per year/2,500 per month for Board service and service on one committee of the Board. Additionally, he moved that Ernest Miller's compensation be increased to \$2,500 per month. James Myers, Jr. seconded it, all in favor none opposed. Please note that Ernest Miller voted in agreement to the adding of the two new Board members but abstained from voting on the increase of his compensation for his Board participation.

9. **Executive Compensation Committee:**

Debbie Vaughan reported that both consultants are ready to report to the Board in executive session early next week. It was decided that the conference call would be on the 29th of March at a time to be determined.

10. **Shareholders' Annual Meeting:**

Rob Miller noted that in the package to the Shareholders that there will be an explanation of the two changes to the By-Laws that will be voted on at the meeting. It was suggested that the resumes of Mr. Maddox and Mr. Fallon be included in the package going out to them.

There being no other business the meeting adjourned at 11:15 am.



Patricia R. Emory, Corporate Secretary



Approved