

MINUTES
OF THE
MEETING OF THE BOARD OF DIRECTORS

CALL TO ORDER

The regular Meeting of the Board of Directors of Pismo Coast Village, Inc. was called to order November 12, 2016, by President Terris Hughes at 10:01 AM.

INVOCATION

Dr. Eudaly gave the invocation.

PRESIDENT'S WELCOME

Mr. Hughes welcomed the shareholders and directors to the meeting and thanked them for attending today's meeting.

ROLL CALL

Mr. Pappi called roll. With the exception of Mrs. Harris, all members of the Board of Directors were present. Mr. Pappi declared a quorum.

PRIOR MINUTES REVIEWED

Mr. Williams moved that the minutes of the Board of Directors' Meeting held September 17, 2016, be accepted as submitted. Mr. Buchaklian seconded, and the motion carried.

CHIEF EXECUTIVE OFFICER/GENERAL MANAGER'S REPORT

Mr. Jamison, Chief Executive Officer/General Manager, reported that occupancy for fiscal year 2015/2016, which was 121,698 total site nights, was the highest record year for the Company, with an 83% annual occupancy rate. Financially the Company did well; however, there were some surprises, such as when several trees came down during two windstorms. For the safety of our guests and shareholders, approximately 80 of the first-generation Monterey Cypress trees were taken out at a significant cost.

The flagpole cell tower by the Reservations Office, which has been live for about a month, has been completed with the exception of some work that will be done around the base of the tower. There is no new information on the proposed cell tower for Storage Lot A, which is still in the permit process with both the County of San Luis Obispo and the City of Pismo Beach. All of the buildings in the Resort have been painted during the last two months. The property in Oceano, which will be the location of our new RV Service Department, is still in the permit process and we have had to order more soils testing to accommodate the County's drainage and water retention concerns.

Mr. Jamison reported that Charles Amian, Operations Manager, and Darrell Sisk, Reservations Supervisor, both attended the National ARVC convention and trade show in Texas a few weeks ago. Charles was recently appointed to the ARVC Board of Directors, and Darrell, who is the current president of CalARVC, presented two seminars on Wi-Fi information at the event.

EXECUTIVE AND PERSONNEL & COMPENSATION/BENEFITS COMMITTEES' REPORT

Mr. Nelson, Chair of the Personnel & Compensation/Benefits Committee, reported that a joint meeting was held yesterday. In addition to the members of the committees, Mr. Jamison was present. During that meeting, the report from the outside auditors was reviewed, and no issues were found. Bonuses, based on financial performance of the Company and employee performance for the year, have been distributed to staff. He reported that the 401(k) Plan is in the process of migrating from Prime Plan Solutions to Aspire Smart Retirement Solutions, with the changeover to be completed in January 2017. The Personnel & Compensation/Benefits Committee is continuing to review plan advisors for the 401(k) Plan, and the goal is to have a recommendation to present to the Board during the first quarter of 2017.

FINANCE COMMITTEE REPORT

Mr. Hardesty, Chair, said his Committee met this morning. All committee members were present. Mr. Jamison and Mr. Hughes were also in attendance. The Committee reviewed the September and October 2016 financial statements and found all to be in order. The Balance Sheet is strong. Also reviewed was the status of the capital expenditures for fiscal year 2016/2017.

OPERATIONS COMMITTEE REPORT

Mr. Plumley, Chair, said that the Operations Committee met this morning. The Committee discussed the rules and regulations, and the subject of keeping birds out of the trash receptacles. The Committee will revisit this subject at a future meeting.

AUDIT COMMITTEE REPORT

Mr. Enns, Chair, said the Committee met yesterday. Also in attendance were Mr. Hardesty, Mr. Jamison and Accounting Supervisor Kitty Karstetter. The Committee met by conference call with the lead auditors from the accounting firm, Brown Armstrong CPA, to discuss the results of their external audit. We do not yet have their audit report, however, the auditors reported that there were no significant exceptions found during their review. The Committee also discussed the subject of information technology for the Company, and Mr. Enns will present information on a proposal we received from Clever Ducks, a local IT company, during Closed Session.

NOMINATING COMMITTEE REPORT

Mr. Hearne, Chair, said the Committee met yesterday. All Committee members were present with the exception of Mrs. Harris. He thanked the members of his committee for their work during the year. During their meeting, the Committee reviewed a letter received from a board applicant. Following that, the Committee interviewed one new candidate and one returning candidate. The Committee also reviewed their Board Application Log and List of Top Candidates. The Committee will present a motion during Closed Session concerning possible Board vacancies and the recommended slate of nominees for the Board of Directors for 2017.

ENVIRONMENTAL, HEALTH & SAFETY ADVISORY COMMITTEE REPORT

Mr. Buchaklian, Chair, reported that the Committee met yesterday morning. Mr. Hughes was also in attendance at the meeting. Using the concept of a tsunami hitting the Resort during the night, the Committee discussed the current evacuation plan for the Resort. During the discussion, Mr. Hughes had suggested that this discussion continue with the Natural Disaster Plan Committee at a later time. The Committee toured the RV Shop, interviewed RV Service Manager John Rosecrans, and updated the List of Advisories.

SHAREHOLDERS' COMMENTS

A shareholder asked about the locations of the separate handicap facilities at the Restrooms. Mr. Jamison confirmed that there were separate private facilities at all of the restrooms with the exception of Restroom 3 and the pool area restrooms. The shareholder also commented that the outside landscaping company does not collect the clippings after they mow the grass areas, which creates a mess.

A shareholder commented that the grass looks wonderful and she appreciates that the landscapers do not start mowing lawns at 8 AM any longer. She also commented that, when her trailer was brought down from the Mesa storage lot, it was covered with spider webs. She asked if we had ever considered spraying for insects. Mr. Jamison reported that we are not currently spraying the lots.

A shareholder asked if there was a reason that the Pledge of Allegiance was not done at Board meetings.

A shareholder commented about the number of barking dogs in the resort, stating that the barking wakes her up in the mornings. She suggested that dog owners be reminded to take care of their pets.

A shareholder commented about the parking areas around the restroom facilities, stating that some of our guests are parking in those spaces long-term. He suggested putting a time limit on the parking by the restrooms so that guests with mobility issues might have an opportunity to use those spaces.

A shareholder, who was aware of the computer hacking incident that happened a few months ago, asked if anything had been done to prevent this type of thing from happening again. Mr. Jamison explained that the event that occurred involved some ransomware that came in through an email sent to our accounting office, resulting in a lockup of approximately 50,000 files. Unfortunately, it ended up costing us approximately \$3,000 to obtain the code to unlock the files. This was the first incident of this type that the Company has experienced. Mr. Jamison said that the Board would be reviewing a proposal from an outside IT company to help us with our computer system.

A shareholder was pleased to hear that the matter of the birds getting into the dumpsters was being looked into. They do create a mess when they pull trash from the receptacles.

Mr. Pettibone stated that he wanted to assure the shareholders that Mr. Jamison and the Board take the comments made by shareholders very seriously and do their best to consider them for needed attention.

Mr. Hughes commented on his first year as President of the Company, stating that the Board dedicates considerable time and effort to make this Resort the best on the Central Coast. He thanked the Board, Mr. Jamison, and his staff for their support. He then asked those in attendance to stand and salute the flag, and he led everyone in saying the Pledge of Allegiance.

Mr. Hughes recessed the meeting at 10:35 AM, asking the shareholders to leave the meeting room. He reconvened the meeting in Closed Session at 10:48 AM.

There being no further business, the meeting was adjourned at 11:59 AM.

The above minutes of the November 12, 2016, Board of Directors' Meeting are correct and accepted as presented.

George Pappi, Jr.

George Pappi, Jr., V. P. – Secretary

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