

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 July 20, 2013, by President Ronald Nunlist at 10:00 a.m.

INVOCATION

Mr. Hughes gave the invocation.

ROLL CALL

Mr. Willems, Vice President - Secretary, called roll. All of the directors, with the exception of Mr. Brittain, Dr. Eudaly and Mr. Pappi, Jr., were present. A quorum was declared.

PRIOR MINUTES REVIEWED

Mr. Williams moved that the minutes of the Board of Directors' Meeting held May 18, 2013, be accepted as submitted. Mr. Hearne seconded, and the motion carried.

PRESIDENT'S MESSAGE

Mr. Nunlist welcomed the shareholders to the meeting. He was pleased to report that the Company was doing well financially. The resort looks great and summer is going well. He thanked the shareholders for their continued support.

CHIEF EXECUTIVE OFFICER/GENERAL MANAGER'S REPORT

Mr. Jamison, Chief Executive Officer/General Manager, reported that the Verizon cell phone tower is under construction in Storage Lot K. As of June 1, 2013, we have been receiving monthly lease payments from the lessee. We also were contacted by another company representing Verizon that is interested in putting a cell phone tower in Storage Lot D. We have responded back that we would be interested in getting more information and possibly entering into negotiations for this project.

He reviewed the status of the sewer drainage project in Oceano, which will impact Storage Lot B, our leased property. At the present time it looks like this may work out to be a 2015 project. The project was recently appealed to the California Coastal Commission. If the project goes through, there will be a disruption in our business which will require that we move units around in the lot while they do the work on the drainage line, and we will lose 54 parking spaces.

The Pismo Beach Lift Station project, which involves the installation of new sewer lift station equipment in Storage Lot A, is still moving forward. This lift station will handle all of the sewage from the Five Cities Drive area and the development on the other side of Highway 101. In conjunction with the new lift station, they will also increase the size of the sewer line along Dolliver Street from a six-inch pipe to an eight-inch pipe. We do not yet know when the sewer line replacement will start, however, the project will impede traffic for the resort and south end of Pismo Beach.

Mr. Jamison reviewed the status of the Surf Camp, which has been using our Recreation Gazebo location as their base of operation. The operator feels, that because they started up later in the summer than originally planned, this has affected the success of his business and its exposure to our customers. While he had hoped that the focus would be on surfing lessons and learning about the ocean environment, their business has been mostly equipment rentals and surf lessons, and most of their customers have been visitors from other countries.

The project to replace Restroom #2 has gone to the Pismo Beach Planning Commission. While they are not the permitting agency, they still review plans to check for compliance with city ordinances and standards, building codes, and local fire restrictions. Mr. Jamison was pleased to report that our project received unanimous approval by the Planning Commission. He spoke to the engineer, who said that the only issue with the project appears to be with FEMA and the fact that our property is in the 100-year flood zone. To be in compliance, we will need to look at raising the elevation of the building approximately four feet, which could cause the elimination of several neighboring sites. The engineer feels that we may be able to satisfy FEMA's requirements by building into the design the ability to place a barricade over the door so that the interior of the building would not flood. Another alternative discussed would be to make the bottom six feet of the building block wall, which could be covered to make it less noticeable. Mr. Jamison is hoping to know more by the September Board meeting.

Mr. Jamison has been in communication with the City of Pismo Beach concerning the past and current formulas for calculating our sewer and water assessments. For the past twenty plus years, Pismo Coast Village's assessment was calculated with a campground classification, and was approximately \$4,100 per year. Our current assessment is calculated with an RV Park classification, and will be approximately \$30,000 per year. The new assessment amount has been factored into the draft of the Operating Budget that the Board will receive today. There has also been a considerable increase in the water bill. Last year, our two-month bill for the current period was approximately \$7,000, this year it is \$17,000. He explained that there have been some underground water leaks and the pool had to be refilled during that water cycle. The water meter was recently replaced, but we still are not sure what has caused the huge increase. Mr. Jamison is looking into ways to conserve water and sewer usage, such as water-less urinals, etc. We will look at the next billing to see if this cycle is an anomaly based on the events that occurred during that time, or if it actually a trend that the billing will be higher from now on. Mr. Williams asked if there could have been an error in the billing, and Mr. Jamison reported that he has not yet looked into that possibility.

The arborist has toured the resort and compiled a report on the trees, concentrating mostly on those sitting along the front fence line of the Resort. She gave some recommendations on tree removal and thinning, which have already been done.

Mr. Jamison expressed his appreciation to staff for doing such a great job, it has been a quiet summer as far as complaints, incidents, and thefts. He also commended the Trailer Mover staff for the excellent job they have done this Summer. The number of units moved has been phenomenal. The four drivers have sometimes moved more than 100 trailers in a single day and they have been working together to get the job done. Recently the four drivers were voted by the supervisors and managers as the "Employees of the Month." He asked everyone to let them know that they are appreciated. Discussion ensued regarding damage done to units by the trailer movers, and Mr. Jamison said that there are fewer damage reports this year.

Mr. Jamison reported that storage customers have been coming into the Corporate Office requesting that we pay for the repair or replacement of items that would be considered maintenance items for units, such as the deterioration of roof vents and decals or tire wear. Another issue is that storage customers need to be made more aware of what needs to be done on the inside of their RV to prepare for its transport to storage. Items left on tables or countertops, such as vases or televisions, can end up on the floor. Our Trailer Mover and RV Service Department employees are making an effort to communicate the things that storage customers should do to safeguard their belongings.

Brief discussion ensued regarding the possible improvements to the downtown area of Pismo Beach. Mr. Jamison reported that there is a new City Manager, who is energized to increase the aesthetics of the community. Another hot topic is the potential closing of the dunes area to off-road vehicles.

EXECUTIVE COMMITTEE REPORT

Mr. Nunlist reported that yesterday the Executive Committee met jointly with the Personnel and Compensation/Benefits Committee. The discussion at the meeting was regarding two employees' annual reviews, and the renewal of Mr. Jamison's contract with the Company. The discussion regarding Mr. Jamison's contract will continue at the next joint meeting of the two committees.

FINANCE COMMITTEE REPORT

Mr. Hardesty, Chair, said his committee met this morning and reviewed the financial statement for the nine-month period ending June 30, 2013. He said that income is up and expenses are down for the period. He was pleased to report that we can look forward to ending the fiscal year financially ahead of last year. The Committee also reviewed the second drafts of the Operating Budget and Capital Expenditures Budget for Fiscal Year 2013/2014.

OPERATIONS COMMITTEE REPORT

Mr. Plumley, Chair, said that the Operations Committee met this morning. They discussed the rules and regulations of the resort and had no recommended changes. However, there are some rules that guests need to be made more aware of, such as walking through campsites, etc. The Committee also discussed their ideas on replacing the fence along Dolliver Street and some of the challenges, such as the differences in elevation along the fence line.

AUDIT COMMITTEE REPORT

Mr. Enns, Chair, said the Committee met yesterday and discussed the verbiage of Resolution # 1119, regarding the procedure for check signing. The Committee will present their recommendation during Closed Session. The Committee reviewed the procedure for local vendor purchases by employees, and it was the consensus of the committee that the existing procedure is adequate. The Committee also reviewed our relationship with the two accounting firms used by the Company, Glenn Burdette CPA and Brown Armstrong CPA. The Committee found no issues with the job that either firm does for us and their fees appear to be in line with industry standards. At this time, the Committee is advising that we continue our relationships with both firms. Mr. Enns reported that he had asked committee member George Pappi, Jr. to look into whether he felt the insurance policies were adequate for the Company's needs. Mr. Pappi reported back to Mr. Enns that he believes that the existing policies appear to be adequate for our needs.

NOMINATING COMMITTEE REPORT

Mr. Hearne, Chair, said the Committee met yesterday. He reported that the Committee had received three new applications from shareholders wishing to be considered for Board membership. One of the applicants will be interviewed in September and one will be interviewed in November. The Committee reviewed the Board Application Packet and made minor changes to some of the verbiage. The Committee also interviewed one candidate during their committee meeting.

ENVIRONMENTAL, HEALTH & SAFETY ADVISORY COMMITTEE REPORT

Mr. Buchaklian, Chair, reported that the Committee met yesterday. At that meeting, Charles Amian, Operations Manager, gave the Committee an update on accident and workers' compensation insurance claims for guests and employees. The Committee reviewed all incidents and was pleased to report that they had been processed. Mr. Buchaklian spoke briefly about an incident involving a trailer that caught fire due to a short in the electrical wiring for a microwave. Fortunately, with the quick response of neighboring sites, staff and the fire department, the fire was put out. The trailer was completely destroyed, but there were no injuries. Mrs. Harris, whose son was the owner of the RV, thanked everyone that assisted during the disaster, either with helping to put the fire out or offering aid.

SHAREHOLDERS' COMMENTS

1. A shareholder said it was very difficult to spot her trailer on the site with the palm trees in their current locations; she asked that they be removed. Mr. Jamison explained some of the reasons for choosing palm trees over other varieties of trees. He said that there were 18 palms that have been selected for relocation on the campsites. He also reported that we need to add additional lighting along the streets. The shareholder said that, other than her issue with the palm trees, the park looks great.
2. A shareholder said that she and a friend were walking on the sidewalk and a child on a skateboard almost knocked the friend down. She asked if there was anything that could be done about children riding skateboards on the sidewalks.
3. A shareholder commented that she had not seen one of Trailer Movers in the resort and asked if he was okay. Mr. Jamison said the trailer mover was not currently working due to medical reasons. She then asked about the skydive business and whether there had been a change in their being able to land on our piece of beach property. Mr. Jamison said that the skydive business is still just using our Storage Lot Z property for the landings, and he has not heard anything new about using our beach property.
4. A shareholder asked if the resort had emergency contact information for our guests, such as home or cell phone numbers, that could be used when an event required contacting the RV owner or another family member. Mr. Jamison explained that the information that we have at registration is the contact information that the person gives us when they make the reservation, we do not ask for emergency contact information. Discussion continued, and Mr. Nunlist requested that Mr. Plumley, Operations Committee Chair, discuss this suggestion when the committee meets in September with Darrell Sisk, Reservations Supervisor.
5. A shareholder commented that the lighting in the resort is not sufficient. She said that late at night the streets are very dark when guests are out walking their dogs, etc. Mr. Jamison reported that there are some white plastic posts with light fixtures on them which will be used to add lighting. He asked her which area of the resort she normally stayed in so he could look at the lighting there.
6. A shareholder commented about speaking to children about not riding their bicycles and scooters on sidewalks and in other areas where they are not permitted.
7. Jeanne Sousa, owner/broker at Pismo Coast Investments, reported that she has shares available for purchase. The most recent selling price is \$30,000 for one share, however, she does have one that the current owner has priced at \$32,500.

Mr. Nunlist recessed the meeting at 10:53 a.m., asking the shareholders to leave the meeting room. He reconvened the meeting in Closed Session at 11:11 a.m.

There being no further business, the meeting was adjourned at 12:02 p.m.

The above minutes of the July 20, 2013, Board of Directors' Meeting are correct and accepted as presented.

Gary S. Willems

Gary S. Willems, V. P. - Secretary