

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 September 19, 2015, by President Ronald Nunlist at 10:01 AM.

INVOCATION

Mr. Nelson gave the invocation.

ROLL CALL

Mr. Nunlist affirmed that, with the exception of Mr. Fischer, all members of the Board of Directors were present. He declared a quorum.

PRIOR MINUTES REVIEWED

Mr. Hearne moved that the minutes of the Board of Directors' Meeting held July 18, 2015, be accepted as submitted. Mr. Williams seconded, and the motion carried.

PRESIDENT'S MESSAGE

Mr. Nunlist welcomed the shareholders to the meeting. He reported that the Company had a great summer, and this will be a record occupancy year for the Resort. Plans are moving forward on the development of the new Oceano property that will be the location of our new RV Service facility. The County of San Luis Obispo has approved the Verizon cell tower planned for Storage Lot D, and construction should begin soon.

CHIEF EXECUTIVE OFFICER/GENERAL MANAGER'S REPORT

Mr. Jamison, Chief Executive Officer/General Manager, expressed his appreciation to the members of the Board that helped with the staff barbecue lunch in the Maintenance Yard yesterday. Staff has done a great job this year, and our biggest challenge has been keeping our Housekeeping staff intact. We are currently running help wanted ads for open positions in the Trailer Mover and Housekeeping/Janitorial Departments.

Fiscal-year-to-date, occupancy is increased more than six percent over last year. Last year, we finished with a total occupancy of 114,616. This year, we are currently at 115,985 total site nights, and we are on track to make 120,818 total nights by year-end.

Mr. Jamison reported on the status of the Verizon cell phone towers. He circulated the final version of the artist's photo and the plans for the flagpole-design cell tower planned for the Resort by the Registration Office. On August 25, 2015, the County of San Luis Obispo approved the final permit for the cell tower in Storage Lot D; however, we do not yet have a start date for the installation. No new information has been received on the Verizon cell phone tower proposed for Storage Lot A.

He expressed his appreciation to everyone for their efforts to reduce water usage in the resort. We have installed new showerheads and eight waterless urinals in the restrooms, added extra signage promoting water conservation, and reduced the watering of our landscaping. We have also complied with the City of Pismo Beach's new requirement that we install low-flow aerators on all of our faucets.

Mr. Jamison reported on the status of the installation of fiber optics for our W-Fi system. The fiber optics has been put in, however, it has not yet been hooked up. When the AT&T technician was here on September 8th to test and start up the system, it was discovered that we had been sent the wrong cable. The correct cable has been ordered, and once it is received, we will go through the test and startup process. He circulated a map of the tower and antenna set-up plan for the Wi-Fi system. Towers for the antennas are currently being installed. Once the Wi-Fi system is hooked up, he expects that the north side will be live within two weeks.

He reviewed the status of the easement for the City of Pismo Beach's new sewer lift station in A-Lot. Following our request for compensation for the easement, the City had an appraisal done, and the A-Lot property appraised at \$2,250,000. Based on the 1,879 square footage of the easement, the City determined that the value of the easement property is \$28,132. Depending on whether the Board approves or rejects the \$28,132 easement value, this will determine whether we move forward with the project. The City is looking to start this project after January 1, 2016.

Mr. Jamison gave an update on the Oceano Community Services District's drainage project, which is planned for Storage Lot B, the property that we lease from San Luis Obispo County. This project will also impact E-Lot. We will have to move storage units out of the way during the trenching process and installation of the drain. They will also need to pour a fifteen-foot wide swale to handle the water for drainage. Mr. Jamison met with their representatives three weeks ago, and they said that they would like to grade both B and E Lots to get the water to flow properly across the property. When that is done, we will have to move each of the 650 units off of the property. This will have a significant impact on our Trailer Movers and will create a huge demand on their time. The representatives did say that the movement could be done in phases. Mr. Jamison is proposing that we use our vacant property, Storage Lot Z, for temporary storage while we are moving units back and forth from the lots. Doing this would require that we bring in temporary fence for Z-Lot or hire a security service to monitor the location. On a positive note, the representatives shared that there is a very good possibility that we will have some federal funds to help with the displacement process and the costs. We are now preparing an estimate of what it will cost us per unit in time, travel, etc. This project is being planned for 2017.

He reviewed the status of the new RV Service facility in Oceano. We are moving forward with the road abandonment, which is critical because we need to have the extra sixty feet of width along the southwest border of the property. This process is progressing well, and the final step will be obtaining the approval of the County Board of Supervisors. He is hoping that this can be completed by the end of 2015.

Mr. Jamison shared some of the things that we are doing to prepare for this winter's projected El Nino. He met with the City of Pismo Beach's Public Works Director to discuss the Resort's sewer lift station. They also discussed the Creek, foredune and the ocean, and what happens during storms. The public works director said that they would do whatever was needed to help support any emergency flooding that we might have, which would include putting equipment out on the beach to help cut channels, etc. As a precaution, the contracted tree service will come in during the next two months to thin out some of the trees in the resort.

He received an email on the status of the Pismo Preserve from the project's executive director. She stated that they have submitted their final minor use permit application to the County, which included sensitive natural resource surveys for the permitting process. They are now beginning work on the parking area and are flagging trails. At this time, they are planning to be open for public use by Summer 2016.

JOINT MEETING OF THE EXECUTIVE AND PERSONNEL & COMPENSATION/ BENEFITS COMMITTEES

Mr. Hughes, Personnel & Compensation/Benefits Committee Chair, reported that the two Committees met yesterday at 3:00 PM in the Oceanview Room. All committee members were present. Mr. Roberts, Mr. Willems and Mr. Jamison were also in attendance. The Committee discussed the Wi-Fi project, the Verizon cell tower contracts, the City of Pismo Beach's lift station in Storage Lot A, and the new RV Service facility. Mr. Roberts and Mr. Willems reported on their meeting with Edward Hinds III, the 401(k) Plan Advisor. The meeting was recessed at 3:58 PM and reconvened at Site 166 at 4:12 PM. At that time, the Committee conducted the annual review for CEO/General Manager Jay Jamison. The meeting adjourned at 4:50 PM.

FINANCE COMMITTEE REPORT

Mr. Hardesty, Chair, said his committee met this morning and reviewed the financial statement for the eleven-month period ended August 31, 2015. He was pleased to report that the financial status of the Company is strong and on target. The Committee discussed credit card fees and extraordinary trailer repairs. Also discussed was the status of the balance sheet to determine whether the Company would be able to pay down the outstanding loan with Heritage Oaks Bank. The Committee also reviewed the third drafts of the Operating Budget and Capital Expenditures Budget for Fiscal Year 2015/2016. The Committee will present several motions during Closed Session.

OPERATIONS COMMITTEE REPORT

Mr. Plumley, Chair, said that the Operations Committee met this morning. The Committee discussed the kenneling of pets, the group reservations program, drafting guidelines for shareholder usage, and preparing a FAQ page for shareholders for the www.pismocoastvillage.com website.

AUDIT COMMITTEE REPORT

The Audit Committee met yesterday at 4:00 PM in the Oceanview Room. Mr. Hardesty, CFO/V.P. – Finance, had been invited to attend the meeting. The Committee asked Mr. Hardesty if he had any concerns he wished to share with the Audit Committee, and they also discussed some over-budget items. The Committee reviewed the financial statement. Mr. Jamison informed the Committee that the team from Brown Armstrong CPA would be in the resort to perform the year-end audit starting October 19, 2015. Mr. Enns reported that some of the members of the Audit Committee would be in the resort to meet with the auditors.

NOMINATING COMMITTEE REPORT

Mr. Hearne, Chair, said the Committee met yesterday. At the meeting, the Committee interviewed a prospective candidate for Board membership. In addition, the Committee will meet after today's Board meeting to conduct an interview with another candidate. Two interviews have been scheduled for November for prospective candidates.

ENVIRONMENTAL, HEALTH & SAFETY ADVISORY COMMITTEE REPORT

Mr. Buchaklian, Chair, reported that the Committee met yesterday. Charles Amian, Operations Manager, gave the Committee an update on accidents and injuries to guests and employees. Mr. Buchaklian noted that two employees at the RV Shop were injured due to lifting, and the Committee recommended that a safety review class be held on this topic. The Committee discussed solar energy. With the frequent changes and new innovations in the solar energy field, the Committee will wait to present any recommendations to the Board. The Committee toured the RV Shop and updated their List of Advisories.

SHAREHOLDERS' COMMENTS

A shareholder commented that the Board is doing a great job. He asked about the status of the pedestrian bridge across Pismo Creek. Mr. Jamison reported that, unfortunately, the representatives from the Department of State Parks and Recreation have been extremely busy with trying to keep the Oceano Dunes open. The people that need to help us move this project forward are not able to devote time to our effort at this time. Discussion ensued regarding the general public using our property to access the beach. The shareholder said that he had sent an email to the Board in January regarding shareholders not being able to use more than one site during the summer time. To date, he has had no response to his email.

A shareholder said that the Board is doing a great job, and staff is wonderful. The resort looks beautiful, and he appreciates that the Company is staying on top of water conservation efforts. He asked about the pedestrian gates being left open until 11 PM. He has observed lots of people that are not guests entering the resort through the gates to use our shower facilities, etc. Mr. Jamison said that the general public is allowed to come through the resort on their way to the beach; however, they are not allowed to use the resort's facilities, such as showers or the pool. He requested that if anyone sees this happening, they contact our Security staff so they can act on it. Discussion ensued regarding leaving the gates unlocked.

A shareholder asked about dog kenneling. Mr. Plumley reviewed some of the discussion on this subject from this morning's Operations Committee Meeting. The Committee had discussed whether kenneling would be feasible for the resort, including who would manage this operation, where this could be set up, insurance, and other factors. After discussion, it was the opinion of the Committee that offering this service at the Resort would not be cost effective at this time.

A shareholder brought up the subject of the entry code for the pedestrian gates. He suggested reinstating having the gate locked to force guests to use the gate code to enter, which might reduce the number of non-guests that are coming into the resort. Discussion ensued regarding the locking mechanism and finding one that will handle the volume of use that occurs.

A shareholder asked if the EH&SA Committee had ever looked at the impact of children riding bicycles, skateboards and scooters in the Resort during summer months. She commented that the quality of guests' enjoyment of the resort is reduced due to the fact that the kids run you off the road and create safety issues for guests and pets. She suggested limiting the hours of usage for bicycles, scooters and skateboards.

Mr. Nunlist recessed the meeting at 10:49 AM, asking the shareholders to leave the meeting room. He reconvened the meeting in Closed Session at 11:03 AM.

There being no further business, the meeting was adjourned at 11:47.m.

The above minutes of the September 19, 2015, Board of Directors' Meeting are correct and accepted as presented.

George Pappi, Jr.

George Pappi, Jr., V. P. – Secretary

**General Manager's List
Board of Directors' Meeting
September 19, 2015**

1. **EMAIL FROM LES RODRIGUES:** Mr. Rodrigues said that he had sent an email to the Board in January regarding shareholders not being able to use more than one site during the summer time. To date, he has had no response to his email.
2. **FORKLIFT SAFETY:** Mr. Enns commented on the Maintenance staff's current method of operating the forklift to transport trash dumpsters to the Maintenance Yard. He stressed that, for the safety of our guests, the driver needs to have the best visibility, which would require driving the forklift backward and having the driver look over their shoulder while driving. Discussion ensued. Mr. Jamison agreed that this should be looked into.
3. **LOAN PAYDOWN:** The Finance Committee recommended, and Mr. Hardesty made a motion to authorize the pay down of the current debt with Heritage Oaks Bank by \$200,000, with the payment made prior to September 30, 2015. A vote was taken, and the motion unanimously carried.
4. **NEGOTIATE FOR PURCHASE OF PROPERTY ADJACENT TO D-LOT:** Mr. Jamison reported that he was contacted by the owner of a property that is adjacent to D-Lot. The owner initially proposed that we consider renting the property, however, he has since put the 3/10 of an acre property on the market for sale at a listing price of \$200,000. Mr. Nunlist and Mr. Jamison made a visit to the property last week, and decided that the opportunity should be presented to the Board for discussion. Mr. Jamison circulated an aerial photo of the property. After discussion, Dr. Eudaly moved that the Board authorize Mr. Jamison to enter into negotiations for the purchase of the property located adjacent to Storage Lot D at a price less than \$200,000. Mr. Williams seconded the motion. A vote was taken, and the motion passed unanimously.