

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, 2019, by President Terris Hughes at 10:00 AM.

PLEDGE OF ALLEGIANCE AND INVOCATION

Mr. Hughes led the Pledge of Allegiance. Mr. Nunlist gave the invocation.

PRESIDENT'S MESSAGE

Mr. Hughes welcomed the shareholders and directors to the meeting. He expressed his appreciation to the members of the Board for their attendance at committee meetings and at today's board meeting. On behalf of the Board, he asked Mr. Jamison to pass on to staff his comment that the Resort really looks nice and we appreciate their efforts.

ROLL CALL

Mr. Pappi called roll. All members of the Board of Directors were present. Mr. Pappi declared a quorum present.

PRIOR MINUTES REVIEWED

Mr. Williams moved that the minutes of the Board of Directors' Meeting held May 18, 2019, 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, welcomed the shareholders to the meeting. He reported that, fiscal-year-to-date, occupancy is down compared to last year by 3,905 site nights (4%), primarily because of the increase in rain this year. As we end our fiscal year, he believes that we should be able to make up some of the shortfall.

Summer has been going well, however, there have been challenges with filling open staffing positions. We have been operating short-staffed in our Housekeeping Department, General Store, and Trailer Movers Department. To compensate, we have asked staff to be flexible with work schedules and overtime hours. Everyone has been cooperative and filled in as needed, and we are very appreciative. Mr. Jamison also expressed his appreciation to shareholders and guests for their understanding and patience during this challenge.

Mr. Jamison reported on the status of the controversial issue of the California Coastal Commission trying to shut down off-road vehicle traffic on the Oceana Dunes. A Coastal Commission meeting was held last week in San Luis Obispo. Mr. Jamison watched the meeting at his desk during the live streamed broadcast. Attendees filled the meeting room and other ancillary areas, including the parking lot outside of the meeting facility. He said that those that spoke in favor of keeping the dunes open to traffic were passionate about their feelings, as were as those that are in favor of a closure. The recommendation made by the local business community was to hold off making a decision at that meeting. The Commission agreed to go with a "public works plan", which means that a decision has been delayed for another year, at which time they will have to make a report on any progress. Ultimately, the Commission's goal is to have all vehicles off of the dunes and the beach.

Another significant issue that will affect the Resort is the additives that are put into holding tanks on recreational vehicles that cause issues with groundwater. A year ago, we received a letter from the San Luis Obispo County Regional Water Quality Control Board. They asked what type of sewer system the Resort has, because they are monitoring what type of RV chemicals are going into the ground. The Resort uses the City of Pismo Beach's sewer system, so we are not quite as critical as other properties. Private parks that have their own sewer system are required to monitor what is going into their sewer system, such as formaldehyde and products that are not good for the environment. Several years ago, CalARVC, our state association, tried to have formaldehyde eliminated in these products. Thetford, a big producer of AquaChem products that contain formaldehyde, threatened to sue, so CalARVC dropped their efforts. However, there is now a lot of environmental support to eliminate these products in California. The State Senate has already approved the measure and it will be going before the State Assembly for consideration.

There is currently talk about including additional language in the National Electric Code that may require RV parks to install GFIs on 30 and 50 amperage service. Currently, to be compliant, most RV parks have a GFI on 20 amperage service. If a change in the Code is approved, it will most likely cost the Resort more than \$160,000 for parts (labor not included) to retrofit our pedestals to be compliant. Hopefully ARVC, our national association, and CalARVC will fight to reverse this proposal.

The construction of our new RV Shop in Oceana is progressing nicely. The construction of the structure has been signed off on by the inspector for the County of San Luis Obispo. The framers have already finished, and electricians, plumbers and fire sprinkler installers are all currently working inside the building. Some of the outside concrete flatwork should begin next week, as well as work to make the connections to the public utilities. We are expecting that by October we can begin conducting work at that facility.

He reported on the City of Pismo Beach's new sewer lift station in A-Lot. The project is almost done. They are waiting for PG&E to run power to the project. The City will put in chain link fence with an access gate around their equipment. At the same time, we plan to start construction of fence along the front of A-Lot, which will be the same type of vinyl fencing that is used around the recycling and trash dumpsters in the Resort.

The Oceano Community Services District's drainage project, which will impact Storage Lots Band E, will start July 29, 2019. Their project will require that a significant number of stored units be relocated during their work. The project is expected to be completed by February 2020.

EXECUTIVE AND PERSONNEL & COMPENSATION/BENEFITS COMMITTEE REPORT

Mr. Nelson, Personnel and Compensation/Benefits Committee Chair, reported that a joint meeting of the Personnel and Compensation/Benefits Committee and Executive Committee was held yesterday. All committee members were present. Mr. Jamison also attended. Mr. Jamison gave the committees an update on the Resort and the ongoing projects. Following that, the Committees discussed annual reviews for three of Mr. Jamison's direct report employees. The Committees also reviewed the status of the Company's 401(k) Plan, and it was noted that participating employees will have an opportunity to meet with the 401(k) Plan Advisor in September 2019.

FINANCE COMMITTEE REPORT

Mr. Hardesty, Chair, reported that the Committee met this morning. All committee members were present. Mr. Jamison also attended. The Finance Committee reviewed the financial statements for both June 2019 and fiscal-year-to-date and found no exceptions. The balance sheet remains strong. The status of the Fiscal Year 2018/2019 capital projects were reviewed. The second drafts of the Fiscal Year 2019/2020 operating budget and capital expenditures budget were also discussed.

OPERATIONS COMMITTEE REPORT

Mr. Enns, Chair, said that the Operations Committee met this morning. All committee members were present. Mr. Hughes and Mr. Nelson attended the meeting. The Committee reviewed the Policy and Procedures for Board Members document, which outlines specific duties for committees, and the Company's Code of Ethics and Business Conduct document. The Committee has recommended changes for both documents and hopes to have these ready to present to the Board by the September meeting. He commented that all shareholders should have recently received the 2020 Shareholder Information Manual/Calendar. The Operations Committee will continue reviewing the Manual for recommended changes. Guest comments received since the May meeting were also reviewed.

AUDIT COMMITTEE REPORT

Mrs. King, Chair, said the Committee met yesterday. All committee members were present. The Committee discussed the Audit Committee's role and responsibility as it relates to the Company's Code of Ethics and Business Conduct for Directors, Senior Officers and Employees. The Committee also discussed the role and responsibility of the Committee in responding to complaints initiated by employees and guests of the Resort.

ENVIRONMENTAL, HEALTH & SAFETY ADVISORY COMMITTEE REPORT

Mr. Skaggs, Chair, reported that the Committee met yesterday morning. All committee members were present. Also attending was Charles Amian, Operations Manager, who gave an update on accidents and injuries since the Committee's last meeting. There were no incidents involving employees, however, there were some involving guests. The Committee interviewed Joshua, Security Department Lead. Also discussed was implementing additional signage on the Resort's speed limit. When completed, the Committee will present their recommendations to the Operations Committee for review. The Committee toured the Laundromat, Pool area, Restrooms Arcade, Clubhouse, Mini-Golf course, Restaurant, and General Store. The List of Advisories was reviewed and updated.

NOMINATING COMMITTEE REPORT

Mr. Hearne, Chair, reported that the Committee met yesterday afternoon. All committee members were present. The Committee interviewed one prospective candidate for Board membership. Following that, the Committee reviewed the Active Board Application Packet Log. An item of concern is the number of shareholders who have requested an application for the Board of Directors but have failed to complete and return the form. The Committee will develop a strategy to follow up with these individuals. Also discussed were methods to attract applicants, adding additional items to the Board application packet, and documenting ways to assess current Board members' performance.

SHAREHOLDERS' COMMENTS

Rex Davis said that his family has been coming to the Resort since the mid-1980s. They have always enjoyed their time here. He and his wife own three shares of stock. In addition, he also purchased two shares in their son's name. He expressed his concern about the change in policy on share time usage and enforcement, which now does not allow a shareholder owning three shares in his/her own name to use another shareholder's time. He suggested that those shareholders that owned three shares with family members that also owned shares prior to the policy change be allowed to continue to use the additional share time.

Kathryn McManus Sons said that her parents were part of the original group of people to purchase shares in the Corporation. She expressed her concern about the changes in policy on share time usage.

Jaquie Dial said that she felt that restricting shareholder time usage to three shares was acceptable. She expressed her opinion on shareholders circumventing the policy and impacting other shareholders' ability to use the resort. She commented that general public guests that are placed on smaller campsites on the far south side of the Resort are being taken advantage of by having to pay the same rate as those that are placed in larger campsites. Mrs. Dial asked if there were plans to install the new gravel base product on more campsites. Mr. Jamison confirmed that this is planned for 125 to 150 more campsites next fiscal year.

Teressa Baer commented on shareholders using their share time and wondered what the reason behind the policy change was. She asked if there was data on the number of shareholders with multiple shares that are using all of their share time.

Jim Gustafson asked questions about shareholder time usage, specifically when family members also owning shares are in the resort occupying the same trailer on a single campsite. Mr. Gustafson had a suggestion on how to improve the trash and recycle dumpsters by installing a bar across the top so that the lid cannot be thrown all the way over which allows birds access to the trash.

Ron Nobile said that he agreed with Rex Davis' suggestion that shareholders that owned three shares prior to the policy change be allowed to continue to use other family members' share time. He commented that general public site fees are low and suggested an increase.

Steven Jackson asked about the enforcement of the four-day rule which requires that a campsite be occupied a minimum of four nights per week and commented on shareholders owning multiple shares leaving campsites unoccupied for multiple days at a time. Mr. Jamison responded that Security staff does a review each night and completes a log of unoccupied campsites for management's review.

Mr. Hughes recessed the meeting at 11:03 AM, asking the shareholders to leave the meeting room. He reconvened the meeting in Closed Session at 11:20 AM.

Discussion ensued regarding the comments that occurred during the Shareholders' Comments portion of the meeting. Mr. Jamison read from the letter prepared on March 7, 2019, by corporate attorney Joseph Look pertaining to the use of shareholder free time and shareholder rights. Discussion continued regarding shareholders questioning the reasons the Board made the policy change and whether the Board had previously set a precedent for shareholders that owned more than three shares by granting them grandfathered status when the bylaws changed.

By common consent of the Board, a decision was made to authorize Mr. Jamison to contact Mr. Look for a determination on whether a precedent was set by granting grandfathered status to shareholders owning more than three shares at the time the Bylaws were amended by vote of the shareholders in January 2002. Mr. Jamison will also ask Mr. Look for his opinion on the best way to communicate this policy change to shareholders or if the publishing of the information in the 2020 Shareholders Information Manual/Calendar is sufficient notification. Mr. Jamison will return to the Board with Mr. Lock's responses.

STOCK REPORT

Mr. Pappi reported that he and Mr. Jamison, Assistant Corporate Secretary, had been in communication regarding the stock transfers shown on the Stock Transfers List dated July 20, 2019, and these transfers have met the criteria for changing ownership and have been approved for transfer.

OLD BUSINESS

Mr. Hughes reported that, due to time constraints, he electronically signed checks to expedite delivery of funds. As required by resolution, a report must be made to the Board. He reviewed the checks that he had signed electronically as: \$16,500 to Blue Shield Insurance, \$17,000 to Blue Shield Insurance, \$16,000 to Ted Sloan Electric, \$20,500 to Joe Campanellas Construction, and \$16,500 to DA Craghead Construction.

FINANCE COMMITTEE REPORT

Mr. Hardesty, Finance Committee Chair, and Mr. Jamison presented the second drafts of the Operating Budget and Capital Expenditures Budget for Fiscal Year 2019/2020. Discussion ensued regarding the proposed budgets. Mr. Jamison asked that he be contacted with questions or concerns about the drafts. The final drafts of the budgets will be presented to the Board for approval at the September meeting.

OCEANO COMMUNITY SERVICES DISTRICT DRAINAGE PROJECT

Mr. Jamison stated that the Oceano Community Services drainage project will significantly impact our Oceano storage properties. The project will begin July 29, 2019 and is expected to be completed by February 2020. The project will require us to relocate approximately 400 units out of Lots B and E to Z-Lot within the next few weeks. Due to this being summertime, our trailer movers are already working overtime hours. A retired former member of our Trailer Movers staff has agreed to help us with moving the units from one location to the other. Temporary fencing will be installed around Z-Lot, and we will need mow the grass and grade the roadways to improve our ability to move and park units. Mr. Jamison spoke to the County about the expenses our company will incur and, fortunately, there is a program to help with reimbursement. We have gotten bids for fencing, grading, and for moving units. The costs of providing security at Z-Lot are being reviewed, which will include a surveillance camera and either security personnel patrolling the area every two hours or positioning an employee there full-time.

BOARD APPRECIATION DINNER AND EMPLOYEE BARBECUE LUNCH

Mr. Hughes reminded the Board that the Annual Board Appreciation Dinner would be held at the Madonna Inn on September 21, 2019. In addition, an Employee Appreciation Barbecue will be held in the Maintenance Yard on Friday, September 20, 2019. Mr. Hughes asked Mr. Plumley to be the organizer for the director volunteers for that event.

There being no further business, the meeting was adjourned at 12:08 PM.

The above minutes of the July 20, 2019, Board of Directors' Meeting are correct and accepted as presented.



George Pappi, Jr., V. P. - Secretary

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