

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 21, 2019 by President Terris Hughes at 9:59AM.

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, guests, and directors to the meeting. He noted that Director Karen King was absent. He thanked Director Dwight Plumley for his coordination of the September 20, 2019 Employee Appreciation BBQ, along with the other Directors who assisted. He read a statement from Mr. Plumley that expressed gratitude to the Pismo Coast Village employees for their hard work and dedication, and asked Mr. Jamison to pass this statement on to staff. He thanked the staff and employees for a successful summer at the Resort, despite challenges in staffing; the Resort looks nice and the Board appreciates their efforts. He acknowledged the presence of former Directors Kurt Brittain and Douglas Eudaly, and asked all attendees to express their appreciation for their service with applause. He expressed his appreciation to the members of the Board for their attendance at Committee meetings and at today's board meeting.

ROLL CALL

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

PRIOR MINUTES REVIEWED

Mr. Williams moved that the minutes of the Board of Directors' Meeting held July 20, 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 and echoed Mr. Hughes' and Mr. Plumley's comments about the Employee Appreciation BBQ. He reported that, fiscal-year-to-date, occupancy is down compared to last year by 3,475 site nights (2.9%). We will end our fiscal year with this minor decrease in occupancy, due primarily to the increase in rain this year.

Mr. Jamison reported that this is the time of year when our occupancy softens and we concentrate on off season projects, including gravel work, tree removal and trimming, asphalt repair, pedestal maintenance, painting, and sealing the high-impact roads. We are looking forward to accomplishing this work for the benefit of the Resort. We are pleased to announce that we entered trailer mover Justin Laughlin's drone photograph of the Resort into ARVC's calendar photo contest, and he won second prize.

Mr. Jamison reported that we have been operating short-staffed in our Housekeeping, General Store, and Trailer Movers departments, and he thanked the staff for their hard work and cooperation. Mr. Jamison also expressed his appreciation to shareholders and guests for their understanding and patience during this challenge.

EXECUTIVE AND PERSONNEL & COMPENSATION/BENEFITS COMMITTEES REPORT

Mr. Nelson, Chair of the Personnel and Compensation/Benefits Committee, reported that the joint meeting took place yesterday. Except for Mr. Hughes, all Committee members were present. Mr. Hughes, Chair of the Executive Committee, thanked Mr. Nelson for chairing in his absence. Mr. Jamison also attended and gave an update on the Resort and the ongoing projects. The Committees discussed the Company's 401(k) Plan for employees, and it was noted that participating employees will have an opportunity to meet with the 401(k) Plan Advisor on October 3, 2019. Following that, the Committees performed Mr. Jamison's annual review.

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 August 2019 and for the 2018-2019 fiscal year, and found no exceptions. The balance sheet remains very strong. The Committee reviewed the Capital Expenditures Budget for the Fiscal Year 2018-2019 as well as the proposed Capital Expenditures Budget for the Fiscal Year 2019-2020. The discussion of the proposed Budget primarily involved the new RV Service Shop. The Committee reviewed the Operating Budget for 2019-2020 and the Budget Plan Forecast for 2019-2021. Motions Out of Committee were made to present the FY 2019-2020 Capital Expenditures Budget and the 2019-2020 Operating Budget to the Board for acceptance during closed session.

OPERATIONS COMMITTEE REPORT

Mr. Enns, Chair, said that the Operations Committee met this morning. All Committee members were present. The Committee continued its review of the Policy and Procedures for Board Members, the Company's Code of Ethics and Business Conduct, and the 2020 Shareholder Information Manual/Calendar. The Committee began its review of the Employee Handbook and also reviewed guest comments received since the July 2019 meeting. There is one Motion Out of Committee for the closed session.

AUDIT COMMITTEE REPORT

Mr. Williams served as Chair of the Committee meeting in Mrs. King's absence and reported that the Committee met yesterday. Except for Mrs. King, all Committee members were present. Mr. Hardesty and Mr. Jamison also attended. Mr. Hardesty, as CFO, presented a financial review of the Company. The Committee discussed the upcoming year-end audit, including any items and issues of concern. Also under discussion were capital improvements and funding.

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 incidents regarding the health and safety of employees and Resort guests. There were no incidents involving employees, however, there was one "trip and

fall" incident involving a guest. The Committee interviewed Maintenance Lead Nancy Ulrich, who has taken over Scott Cooper's duties while he is on medical leave. Mr. Amian provided an update on the proposed portable speed limit sign. The Committee toured the Reservations/Accounting Office, the Corporate Office, and the Maintenance Yard. The List of Advisories was reviewed and updated.

NOMINATING COMMITTEE REPORT

Mr. Hearne, Chair, reported that the Committee met yesterday afternoon. Except for Karen King, all Committee members were present. The Committee interviewed one returning candidate for Board membership. Following that, the Committee discussed Board membership and performance. The Committee drafted a new follow-up letter for recipients of the Board Application Packet in order to track interest in Board membership. The Committee reviewed its Corporate Chronicle solicitation for Board membership and made no recommendations for changes. A new Board application was received and reviewed, and the Committee will follow up with the candidate.

SHAREHOLDERS' COMMENTS

Douglas Eudaly said that this is his first visit back to the Resort since November 2016. His comments focused on the three share limit and the Certificate of Family Form. He believes the Board acted legally and within its jurisdiction to limit the number of shares that can be owned by any one shareholder. He also reasoned that because the Certificate of Family Form is not on the back of the share, it is not a right but a privilege granted by the Board. He understands that the Board's objective with the share limit and the Certificate of Family Form is to balance the number of shareholders and guests at the Resort and to keep shareholders from bending the rules to their advantage. However, he also believes that the Board should review its decision since it is aware that some shareholders are upset about the policy.

Christina Bridges' mother is a shareholder, and Ms. Bridges has POA over her mother's affairs. Ms. Bridges, who is in the process of transferring her mother's share into a Trust, is concerned about the requirement to provide an original certified Durable Power of Attorney dated within 60 days of the date of a share transfer request. She said that this requirement is nearly impossible, particularly when dealing with someone who is incapacitated. She researched both CA and AZ statutes and found that Durable Powers of Attorney do not expire until death, unless there is a termination date. The Corporate Office had recommended that she ask her attorney to provide a letter stating that the POA is valid, which she did at a cost of \$200 to her mother's estate. The Medallion stamp requirement for a share transfer guarantees Ms. Bridges' signature as the person who has the legal right to transfer the share into her mother's Trust and seems to contradict the 60-day requirement. She asked the Board to review the share transfer requirements, since many shareholders may eventually assign POA to family members and face a similar predicament.

Mary Moffat reported that at around 7:00AM on September 6, 2019, she was exiting the south gate of the Resort on her morning walk and saw three tents and four motorcycles at Site # 134. She asked if the policy concerning the use of tents had changed. Mr. Jamison confirmed that the policy concerning the use of tents has not changed and thanked Ms. Moffat for making us aware of the incident.

Randy Moffat remarked that the 2020 Shareholder Information Manual Shareholder

Calendar is missing the dates of August 30 and 31. Mr. Jamison confirmed that this was an oversight in publication but that it has been corrected on our website.

Una Halford said that she has a rare Indian artifact at her campsite# 135 for viewing for the next few hours. It is on its way to a local museum. Mr. Jamison pointed out that for those unfamiliar with Ms. Halford's background, she and her husband, Kenneth, discovered Chumash caves with authentic artifacts over 50 years ago. She has displayed these artifacts for the general public in her own museum since then, and also has donated many pieces to the Santa Barbara Museum of Natural History.

Mr. Jamison announced that after 28 years, Terri Braun in the Corporate Office is retiring. He introduced Jill Haney, who is taking over Ms. Braun's position.

Mr. Hughes recessed the meeting at 10:40AM, asking the shareholders to leave the meeting room. He reconvened the meeting in Closed Session at 10:50AM.

OLD BUSINESS

Mr. Hughes asked Mr. Hardesty to address the Finance Committee's two Motions Out of Committee.

APPROVE OPERATING BUDGET FOR FISCAL YEAR 2019/2020

Mr. Jamison clarified a few of the expenditures on the Operating Budget. Small adjustments were included in the Budget: the cost to replace awnings; road sealing costs; a 10% increase in PG&E costs; the phasing in of the new RV Shop staff; and exterior paint costs. In addition, Labor costs (benefits and wages) preemptively reflect the CA mandated minimum wage increase for some entry level positions; include currently vacant positions at the General Store and Trailer Moving departments; and show the increase in some positions from part-time to full-time.

Mr. Roberts asked where the cell tower rental costs were allocated in the Budget. Mr. Jamison said that these costs are in Storage and Spotting Profit Center Plan, under Lot Rent.

The Finance Committee recommended, Mr. Hearnese moved, and the Board unanimously adopted the following resolution:

RESOLUTION 1235/1217

Resolved to adopt the Operating Budget for Fiscal Year 2019/2020.

APPROVE CAPITAL EXPENDITURES BUDGET FOR FISCAL YEAR 2019/2020

Mr. Jamison clarified a few of the expenditures on the Capital Expenditures Budget. The largest expense was the new RV Shop. Delay of the Public Improvement permit, the work for which represents the largest expenses, required rolling costs that the Board had previously approved into the next fiscal year. The tow truck expense is the cost of leasing a new truck. The lift and surveillance cameras are for the new RV Shop. The street sweeper needs to be replaced due to age. In addition, revenue for the RV Shop was increased due to an expected increase in billable hours. We anticipate bringing

new crew members on board in November, March, and June. When staff increases to the point that a new truck is necessary, Mr. Jamison will present a request for a new RV Service truck to the Board. A floating bridge was not included in the proposed budget.

Mr. Nunlist asked what amount the company will have spent when the new RV Shop is completed. Mr. Jamison stated that the cost will be approximately \$1.5-1.6 million, not including the cost of the land.

The Finance Committee recommended, Mr. Williams moved, and the Board unanimously adopted the following resolution:

RESOLUTION 1236/1229

Resolved to adopt the Capital Expenditures Budget, which shall not exceed \$650,000.00, for Fiscal Year 2019/2020.

APPROVE CHANGES TO THE 2020 SHAREHOLDERS' INFORMATION MANUAL

The Operations Committee presented its Motion Out of Committee for the Board's approval to change the sentence, "All pets are to be kept inside at night and are never to be left unattended," to "No pets are to be left outside unattended. All pets are to be kept inside at night," in the 2020 Shareholder Information Manual. A vote was taken, and the motion carried unanimously.

CHECK DISBURSEMENT

Mr. Hughes reported that, due to time constraints, he electronically signed four checks to expedite delivery of funds. As required by a resolution, a report must be made to the Board. He reviewed the checks that he had signed electronically as: \$19,187 to the Oceano Community Services District; \$18,704 to Blue Shield of California; \$16,926 to Blue Shield of California; and \$17,820 to DA Craghead Construction.

NEW BUSINESS

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 September 21, 2019, and these transfers have met the criteria for changing ownership and have been approved for transfer.

ANNUAL MEETING PREPARATION

Mr. Hughes reminded everyone to complete and return the provided Annual Meeting preparation forms.

Mr. Skaggs asked for an update on the proposed new Clubhouse with three floors. Mr. Jamison said that he had met with Pismo Beach officials and they are in the process of updating their general plan. They assured him that their update would allow us to build three floors, however, their plan will not be completed until the middle of 2020. The Coastal Commission's input will still be required.

Mr. Hughes reminded everyone that the next meeting is November 9, 2019. At the end of the meeting, the Board will hold its Round Table so Directors may discuss their current and/or alternative Committee and Chair assignments.

There being no further business, the meeting was adjourned at 11:22AM.

The above minutes of the September 21, 2019, Board of Directors' Meeting are correct and accepted as presented.

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

