

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 16, 2022, by Board Ex-Officio, Terris Hughes at 10:00 AM.

PLEDGE OF ALLEGIANCE AND INVOCATION

Mr. Nunlist led the Pledge of Allegiance and Mr. Johnson gave the invocation.

PRESIDENT'S MESSAGE

Mr. Hughes welcomed the Directors and the shareholders to the meeting. He then announced the on-boarding of the new Pismo Coast Village General Manager, Lesley Marr, who will be taking the place of Jay Jamison, Chief Executive Officer/General Manager when he retires at the end of the year. A search committee had been established to help streamline the recruitment of a qualified candidate for Mr. Jamison's replacement. Mr. Jamison then introduced Ms. Marr, who gave an overview of her background and experience.

ROLL CALL

Ms. King called roll. All of the Board of Directors were present except Garry Nelson and George Pappi, Jr. Ms. King attended via Zoom, and declared a quorum.

PRIOR MINUTES REVIEWED

Mr. Willems moved that the minutes of the Board of Directors' Meeting held May 21, 2022, be accepted as submitted. Mr. Hardesty seconded, and the motion was carried unanimously.

CHIEF EXECUTIVE OFFICER/GENERAL MANAGER'S REPORT

Mr. Jamison began his Manager's Report by reviewing total occupancy stats fiscal year-to-date. Typically, July is the most heavily occupied month of the year for the Resort. That trend still continues for 2022, but with slightly lower numbers. Occupancy year-to-date is down -4% for GP and up 1% for shareholders. A recent trend of softness in the numbers has been noted due to rising fuel prices and increasing COVID cases. There has been an increase in cancellations, but are being filled with drop-in reservations. Historically, occupancy in the Resort for the month of July runs around 102-104%. Currently, occupancy is coming in just under 100% for July 2022. The last shareholder release date indicates occupancy is soft as we enter the second half of August and the beginning of September 2022. Mr. Jamison stated that rising fuel prices and children going back to school could be making an impact on those numbers. More groups are being booked this year compared to the last two years. Overall, the summer season stats are healthy, and occupancy projections look positive.

Mr. Jamison then focused on Resort staffing including open positions that are being advertised, and positive feedback being submitted by guests regarding employees. A search is in progress for a General Store supervisor. It is anticipated that the General Store will be able to stay open longer in the evenings. Ads are running for additional General Store clerks as well as Reservations agents. Mr. Jamison expressed his gratitude towards staff, and stated that excellent comments have been received from guests and shareholders for Security and Housekeeping for their professionalism and customer service.

Mr. Jamison gave an update on the general operations of the Resort. He discussed the challenges that the Resort has faced in obtaining liability, property and fire insurance for the upcoming year. Due to high fire areas in the state of California, many insurance companies, including the Resort's carrier, Philadelphia Insurance, are no longer providing this type of

insurance for California businesses. This now makes it more difficult for businesses to obtain required insurance coverage. The Resort renewed its policy on July 1, 2022 for \$404,000. Coverage was \$78,000 for the prior year. This increase will have a major impact on the budget. The Resort's Professional Insurance will renew with Philadelphia Insurance in October 2022 with conditions and minimal increases. The capital expenditure budget for this year included upgrading the Resort's WiFi by adding ten new receivers to help distribute the WiFi signal throughout the Resort to hit blind spots and strengthen those areas. There is a large amount of bandwidth coming into the Resort, but the upgrade would help to distribute the bandwidth more efficiently. The WiFi equipment was ordered six months ago and only a partial delivery was received. The remaining parts have just arrived, and the project will be completed by the end of the year. The installation of additional security surveillance cameras along the ocean front side of the Resort was also part of the capital expenditure budget and has been completed. A truck was also purchased for Security to use on patrol.

Mr. Jamison completed his report by giving an update on possible upgrades to Highway 1 near the Resort. Per the City of Pismo Beach, California Dept. of Transportation (Caltrans) will be turning over Highway 1 to the City of Pismo and the City of Grover after completing scheduled street work. Mr. Jamison had communicated with the City of Pismo that Pismo Coast Village is requesting that a crosswalk be installed from the Resort side on Dolliver Street to the corner of Frady Lane to create a safe passage for staff to cross going back and forth when they are parking at the RV Shop. This request had been submitted to Caltrans in the past by Pismo Coast Village, but the request was denied. When the cities of Pismo Beach and Grover Beach take over Highway 1, they would be interested in upgrades and would consider the request.

EXECUTIVE AND PERSONNEL & COMPENSATION/BENEFITS COMMITTEE REPORT

Mr. Nunlist, of the Personnel and Compensation/Benefits Committee reported that there was a joint meeting held Friday, July 15 at 2:30 PM, with the Executive Committee. All Committee members were present except Mr. Nelson and Mr. Pappi, Jr. Ms. King attended by phone. Mr. Jamison and Ms. Marr attended as guests. The Committees discussed Executive Session agenda items for the July 16, 2022 Board meeting. Mr. Jamison presented the General Manager's report. A recommendation was made to have an August Executive Committee meeting. The meeting was adjourned at 3:10 PM. The Personnel and Compensation/Benefits Committee meeting began at 3:10 PM and was held in Executive Session. There will be a resolution brought forth today in Executive Session. The meeting was adjourned at 3:35 PM.

FINANCE COMMITTEE REPORT

Mr. Williams, Chair, reported that the Committee met this morning, July 16 at 8:30 AM. All Committee members were present. Mr. Jamison and Ms. Marr attended as guests. The Committee reviewed the May and June 2022 financial statements and reviewed the budget draft for FY 2022/2023 including capital expenditures. The proposed budget will be presented to the Board in Closed Session. Two Motions out of Committee will be presented during Closed Session. The meeting adjourned at 9:30 AM.

OPERATIONS COMMITTEE REPORT

Mr. Enns, Chair, reported that the Committee met this Friday, July 16 at 8:31 AM. All Committee members were present. The Committee reviewed the onsite RV washers' rules along with washing times and days allowed for services. The Committee also reviewed the Shareholder Information Manual for shareholder site usage verbiage. A Motion out of Committee will be presented during Closed Session. The meeting adjourned at 9:45 AM.

AUDIT COMMITTEE REPORT

Mr. Roberts, Chair, reported that the Committee met Friday, July 15 at 1:30 PM. All Committee members were present. The Committee determined to delay the review of the tax returns until the September 2022 Committee meeting. The Committee discussed cash accounts and insured

balances and the disclosure of the footnote change by Glenn Burdette. They also discussed plans for the September 2022 Committee meeting and audit. The meeting adjourned at 2:30 PM.

ENVIRONMENTAL, HEALTH & SAFETY ADVISORY COMMITTEE REPORT

Mr. Skaggs, Chair, reported that the Committee met Friday, July 15 at 8:30 AM. All Committee members were present except Mr. Blank. Charles Amian, Operations Manager, attended as a guest. Mr. Amian provided copies of the Guests Injury Report. Currently, one employee incident is still open. The Committee may request that the Operations Committee review the Resort's fire pit safety standards. There was one additional employee incident involving a staff member from Reservations who lost her balance when stepping down off of the Corporate office front step. She fell and sustained an injury to her wrist which was determined to be broken. Management reviewed the various issues involved in this incident, and determined to add additional handrails at the steps of the Corporate and Sales office. Mr. Amian then handed out the current EH&SA List of Advisories and reviewed the completed items which will be removed from the list. He gave a recap of his in-person meeting with Captain Dennis Byrnes of the San Luis Obispo County Fire Department where he came onsite to discuss the PCV Tsunami Evacuation Plan. He reviewed the current PCV tsunami plan, which is in compliance with the City. Captain Byrnes also provided a copy of the San Luis Obispo County, Southern Region, Tsunami Pre-Plan to review. Mr. Amian provided transportation to conduct a field review of the storage facilities and new RV shop. After the tour of the locations, additional advisories were added to the Advisories List. The meeting adjourned at 11:30 AM.

NOMINATING COMMITTEE REPORT

Mr. Willems, Chair, reported that the Committee met Friday, July 15 at 12:45 PM. All Committee members were present. Darrell Sisk, Reservations Supervisor, attended as a guest. The Committee discussed ways to advertise for new qualified Board of Directors, including signage, the use of the Pismo Coast Village website and the 2023 Annual Shareholders' Meeting held in January. The Committee agreed to interview new applicants at the September 2022 Committee meeting. The Committee also reviewed procedures to present the most qualified Board members on the 2023 slate. The meeting adjourned at 1:25 PM.

SHAREHOLDERS' COMMENTS

Ron Noble inquired about liability issues in the Resort surrounding young people on golf carts, electric bikes and mini motorcycles. He requested that upon check-in, guests receive reminders of the rules in large format pertaining to the Resorts' expectations. He reiterated the need to address these situations to decrease the potential for future accidents which would raise the Resorts' liability insurance.

Mary Moffitt stated that the incline at the south gate is getting more difficult to traverse. She requested that the incline be leveled for easier access in and out of the gate.

Jeanne Sousa, the onsite broker of Pismo Coast Investments, announced that she recently sold Pismo Coast Village shares for \$50,000.

Jim Gustafson stated that he thought recently there had been a significant employee turnover in the Resort, and asked if the Company was addressing competitive salary rates to match inflation to retain skilled and dedicated employees. Mr. Hughes said that the Board will take the question into consideration.

Bruce Reese reported that the south entry gate is not closing.

Mark Sather stated that he had been observing campsites at the Resort where shareholders appear to be renting out their sites and fifth wheels to different individuals on a daily or weekly

basis. He had asked if the Company was aware of this situation occurring. Mr. Hughes stated that management would address the issue with the shareholders directly when monitored.

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

OLD BUSINESS

Mr. Jamison stated that Chris Stephens, the electrical engineer who was reviewing the two solar proposals for Pismo Coast Village, has responded with his report. The report has been emailed out to the Board for consideration.

NEW BUSINESS

STOCK REPORT

Mrs. King reported that she had reviewed the stock transfers shown on the Stock Transfers List dated July 16, 2022, and these transfers have met the criteria for changing ownership and have been approved for transfer.

OPERATING BUDGET

Mr. Jamison presented the FY22/23 proposed Company operating budget, and distributed the second draft of the budget plan which included the proposed Capital Expenditures, the Assumptions and the Detailed Budget Plans. He recommended that the Board review the Assumptions to get a breakdown of the changes and trends. Board members can submit questions to Mr. Jamison over the next two months as the Company moves forward with the final budget draft which will be presented to the Board at the September meeting. Mr. Jamison reviewed the proposed capital expenditure requests including the purchase of a backhoe replacement, the installation of additional security surveillance cameras in the storage lots, the purchase of three golf carts for Maintenance and a low boy tow trailer. Mr. Jamison then discussed proposed rate increases for towing services. Based on rising fuel prices, labor costs and labor intensive time, management recommended an increase for towing services by \$10 to and from Pismo Coast Village and the lower and upper storage lots. A flat rate of \$75 was also recommended for towing each way to non-Pismo Coast Village entities. A discussion ensued with the Board.

OPERATIONS COMMITTEE REPORT

The Operations Committee presented for Board approval its Motion Out of Committee to approve the changes made to the RV wash rules by including an additional rule stating, "All mobile wash and detailing service vendors may provide services in the Resort Monday through Friday, 8:30 AM to 5:30 PM. Services are not allowed to be provided on Saturday, Sunday or national holidays." A vote was taken, and the motion carried unanimously.

FINANCE COMMITTEE REPORT

The Finance Committee presented for Board approval its Motion Out of Committee to increase towing rates by \$10 to and from Pismo Coast Village and the lower and upper storage lots as well as an increase of \$75 across the rate structure for towing to entities not associated with Pismo Coast Village. The new rates will go into effect immediately and will be applied to new reservations only. A vote was taken, and the motion carried unanimously.

The Finance Committee presented for Board approval its second Motion Out of Committee to purchase 6, 9 and 12 month CDs on a ladder tier structure for the ICS Capital Reserve account as a resource for additional revenue. A discussion ensued. The Board tabled the motion and recommended that further research be conducted before a decision is made.

GOLF CARTS

Mr. Jamison opened a discussion regarding the use of golf carts by guests in the Resort. He was approached by a golf cart rental company inquiring as to whether the Resort would be interested in acquiring a fleet of golf carts to rent to guests. Mr. Jamison stated that the Company had not been interested in pursuing golf cart rentals. He expressed his concern regarding how the overuse of golf carts in the Resort could have a negative impact to the Resort, and could potentially increase liability incidents if guests drive recklessly. A discussion ensued.

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 17, 2022. In addition, the Employee Appreciation Barbecue will be held at the Clubhouse and Square on Friday, September 16, 2022. Mr. Hughes asked Mr. Bessom to be the organizer for the Director volunteers for that event.

Mr. Hughes recessed the meeting and asked Mr. Jamison, Ms. Marr and Ms. Lyon to leave the meeting room. The Board entered into Executive Session at 11:47 AM.

The Board reconvened in Closed Session at 12:25 PM. Mr. Jamison, Ms. Marr and Ms. Lyon were asked to rejoin the meeting room.

There being no further business, the meeting was adjourned at 12:27 PM.

The above minutes of the July 16, 2022, Board of Directors' Meeting are correct and accepted as presented.

/S/ Karen King

Karen King, V. P. – Secretary