



**Holiday RV Park Owners Association
Board of Directors Meeting
December 15, 2018**

Board of Directors

Charles Nunes–President & Park Maintenance
John Watkins–Vice President
Lorena Lemus–Secretary
Brenda Critzer–Treasurer
Fernando Da Silva–Management (Absent)

Mark Schieber–Rules and Regulations (Absent)
Leroy Laird–Public Relations
Brien Carlson–Park Use
Tom Barcellos–Collections (Absent)

Members Present

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Meeting was called to order at 11:00 am by Charles Nunes

In attendance via speakerphone were attorneys John Pentecost and Ronald Thommarson from Hart King to assist the Board with responding to questions from the Members and to make sure discussion remained on the topic outlined in the agenda.

President's Address

1. Please turn off all cell phones.
2. This meeting is restricted to Members only.
3. This is a volunteer Board. No one is paid for their time. Board Members are reimbursed for out-of-pocket expenses.
4. Discussion of issues can become heated and emotional, but everyone deserves to be treated with dignity and respect.
5. Regular and special meetings of the Board are open to all Members of the Association. Members who are not on the Board may not participate in any deliberations or discussions unless expressly so authorized by a majority of a quorum of the Board of Directors.
6. Members may participate in the meeting during the Member's Comments section of the agenda.
7. Questions, comments or suggestions will be referred to a Board Member, as appropriate or taken into consideration by the Board for research, review and discussion, and placed on next month's agenda.
8. Holiday RV Park's meetings and procedures are governed by our bylaws, CC&Rs, and rules adopted by the Board.
9. Charles Nunes welcomed everyone to the special meeting and read an address from Hart King that outlined the purpose and scope of discussion and provided updated information regarding legal action that had been threatened against the Park.

Ed. Note – Please refer to the attached address for your records.

Old Business

1. Line of Credit – Mission Bank – John Watkins

As you are all aware, the Park incurs monthly expenses that need to be paid. I will present you with several months of financials to illustrate the need for taking out a line of credit with Mission Bank. This information is presented to everyone in the minutes each month; the numbers don't change.

Beginning with December 2017, you will see that our income was \$56,819.69, and after paying expenses of \$74,705.73, that left the Park with total loss of -\$17,886.04, which was an improvement from the -\$38,276.70 total loss incurred during December 2016. Please notice that our bank balance in the operating account for December 2017 was only \$15,228.71. Please keep that figure in mind as I continue.

Looking at January 2018, income was strong at \$149,506.11, mainly because the usual dues assessment was billed out to our Members a month earlier than usual, but after all expenses, wages and taxes (no less than \$70,525.55) were paid we still had a balance in our operating account of only \$27,838.57.

March 2018 was another deficit like December 2017, with our income only amounting to \$71,070.67 against \$85,538.94 in expenses for a total loss of -\$12,468.27. It was March 2018 when the Board took control of mailing out the checks to pay our bills in a timely fashion, but not all at once. This decision resulted from a financial crisis where I was contacted by Rabobank because they were about to return a check in the amount of \$11,486.56, due to insufficient funds. As President,

I immediately contacted our Treasurer at the time, Terry Redwine, and Terry was able to transfer the money needed to clear the check from both the dues and laundry room accounts.

Now we come to April 2018, when our income of only \$56,672.84 versus \$56,599.43 in expenses left the Park with only \$73.41 net income for the month. Yet we still had total bills to pay that month in the sum of \$59,382.30.

In May 2018 the deterioration continued, with income down to \$53,012.92, minus expenses of \$69,782.94, to leave the Park with a total loss of -\$16,770.02 for the month. Again, the Board still had to pay for bills, wages, transient occupancy taxes due to the City of Pismo Beach, property taxes due to the County of San Luis Obispo, etc.

Finally, in June 2018, our finances began to balance out to allow us to pay the bills without draining our operating account dry or taking from the laundry room or dues accounts. That stability is specifically because of the line of credit with Mission Bank. It acted as a bridge to get us from months of shortfall to our profitable summer season. Notice how the operating account finally rests about \$100,000 for the month, even after paying everything the Park needed to. It was a short-term decision made by the Board because we did not have the luxury of time to spend waiting through summer to keep the Park financially stable. We chose a line of credit, rather than closing out the Mission Bank CD to stay afloat, which would have left the Members without that money in the bank in case of an emergency. We did what we had to do, in the short-term, to bridge the gap to success and keep our money *whole*.

We did have a very successful summer, as our financials will attest to, and currently our operating account is back to a very healthy position because we made the decision to open that line of credit. Now the time had come to pay it back, which was done every month, in due time and in payments as large as we could afford. We thought that it could be repaid by the end of December, we cut the final check on November 21, 2018, and now that line of credit was fully paid back as of November 27, 2018.

I submit to you, as Members of this Organization, that this Board did one heck of a job in keeping your money *whole*. If we had frivolously spent the \$100,000 line of credit, then I would agree with anyone that the Board did something wrong. Instead, we did our fiduciary duty; we made sure our business remained *whole*. That money is back in our reserves like it was before we before the deficits began. That how we started, and that is how we got here to this meeting today.

Ed. Note – Please refer to the attached financials for your records.

Comment from Charles Nunes – Thank you John for speaking on the Board’s behalf, that is our explanation to the Members as to why the line of credit was taken out with Mission Bank and that was the purpose of calling this special meeting today. At this time, I would like to ask our attorneys if we are open for other questions or discussion today from the Members in attendance. Did we meet the requirements stipulated in the call and notice of special meeting that was dated November 28, 2018?

Response from John Pentecost – Yes, John Watkins went through and explained why the Board acted expeditiously for the benefit of the Corporation; the money has been paid back so I think that any other issues are moot at this point. If someone has questions about the line of credit, the reasoning behind it and what it was used for, we are pleased to open that discussion and assist if possible. We are not here to discuss the authority of the Board to take out the line of credit. A lot of information is available to the Members in the minutes if people choose to read them.

Comment from John Watkins – Charles, unless anyone has any other questions, I would suggest we adjourn this meeting. Additional questions can be sent to the Manager or the Board for review and discussion at a future meeting, or our Members are welcome to delve into the financial reports and analyze them and ask questions if they so choose.

Comment from Mitchell Coonce (Locker 297) – Do you really call *this* a meeting? I’m the culprit that brought this against you guys, because it is all a bunch of lies. You can say what you want to say, trust me. I asked John Watkins during open session in August 2018 if he borrowed \$90,000 against our Mission Bank CD and he said “yes”. I informed him that was against the Park’s CC&Rs and bylaws and he said that it wasn’t. He said that the whole Board told him to do it, to which I replied that the whole Board should be dismissed. You can make it real pretty if you want to...

Another question; are you refusing to answer the questions from my attorney? Is that what you are doing? If not, then why are we here then?

Response from Charles Nunes – Mitch, we can't address that at this time.

Comment from Mitchell Coonce (Locker 298) – You're not letting anybody address anything. Why don't you guys just meet with yourselves?

Response from Julie Hill – Mitch, if you do not calm down, then I am going to have to ask you to leave this meeting. We are only addressing the items listed on the notice that we can discuss; the reason for the line of credit.

Comment from Mitchell Coonce (Locker 297) – What is a line of credit? Do you know the difference between a line of credit and a loan?

Response from Ronald Thommarson – We are not here for arguing today, the Board is here to explain to the Membership why the line of credit was taken, it's payment history and status. It's not the time nor place to argue about the finer points of finance or corporate government. Because the Park received a threat of legal action it really does limit what the Board can and cannot discuss; the Board is not authorized to venture outside the scope of this meeting.

Response from John Pentecost – I must concur with Ron and inform Mr. Coonce that the answers to the questions listed in the letter I received from his attorney will be made available in due course.

Comment from Dave Dixon (Locker 44) – Can you please clarify; do we still have a line of credit? Has it been paid back? If it has already...then what are we doing here? Thank you very much.

Response from Charles Nunes – The bank was paid back as of November 27, 2018. We no longer have a line of credit with Mission Bank. Dave, we are here today because of a request from a Member.

Comment from Nancy Borgman (Locker 867) – I'm familiar with how a line of credit works, but just to clarify, a line of credit can remain open after it has been repaid. So, I need to ask, is the Park keeping our line of credit open or closed?

Response from John Watkins – The Board has made the decision to close the line of credit immediately, the Park has no use for it moving forward. Thank you for addressing that clarification.

Danette Coonce (Locker 297) – Our concern was whether anyone on the Board read the bylaws and CC&Rs before you did this. It clearly states that you cannot do it. *That* is our question; who approved it? Even then, it was supposed to have been approved by the Members.

Response from Charles Nunes – Due to litigation, we are not able to answer that question today.

Comment from Bryan Eget (Locker 298) – What *can* you answer now? Can you answer that one? Let me put it a different way, what can we discuss? I thought the point of this meeting was to talk about all this, about the \$100,000 loan that was taken without Members' approval, without going through the CC&Rs. At every Board meeting I've attended, the CC&Rs are always a point of reference; what you can and cannot do. Yet, I guess the CC&Rs are just for *us*, and not for you Board Members because you don't abide by what is written down.

Response from Charles Nunes – Bryan, the CC&Rs apply to all Members.

Comment from Bryan Eget (Locker 298) – Well then excuse me, why did you put forth this loan?

Response from Charles Nunes – I can't discuss that since it's under litigation.

Comment from Bryan Eget (Locker 298) – Excuse me! That's what this meeting is for! About the \$100,000 loan –

Response from Julie Hill – You are going to have to lower your voice sir.

Comment from Bryan Eget (Locker 298) – You know something Julie? You're not even supposed to *be* here; you are not an Owner! No, the question is, this meeting is for Owners and isn't the Board is supposed to kick people out of the meetings that aren't Owners?

Response from Charles Nunes – Bryan, I need you to calm down or I am going to ask you to leave.

Response from John Pentecost – Sir, please, let's try and have some civility. Let's not raise the voices –

Comment from Bryan Eget (Locker 298) – Okay, so in other words, we're not discussing anything that's coming down, we're not talking about anything but what *you* say. This meeting is a waste.

Response from John Pentecost – Please consider the fact that one of your Members has threatened suit against your voluntary Board. We are not going to get into issues of authority, bylaws or CC&Rs. This meeting was to inform the Association about the line of credit, why it was taken, how it was paid, what the status was, etc. The line of credit was used so that your business could stay afloat and pay your everyday expenses. You are continuing to ask the same question sir, so we need to move on.

Comment from Bryan Eget (Locker 298) – Let's move on, just like everything else in this Park. Whatever the Board decides, that's what they do. They don't *care* what the Owners say, or what we do.

Response from Charles Nunes – That kind of statement doesn't pertain to –

Comment from Bryan Eget (Locker 298) – Oh it doesn't pertain? Nothing pertains in these meetings except what you guys approve or authorize. This is garbage...yes, it is.

Comment from Kip Hayes (Locker 366) – I hope, that after this whole matter is resolved, the Membership is able to recoup any financial losses from the persons responsible for bringing legal action against the Board, if the Park is proven to be legally correct in their actions.

Response from Charles Nunes – Kip, I can't comment on that statement at this time.

Comment from Bryan Eget (Locker 298) – It should be the other way around too, if I may say. The Board should be held responsible for paying legal fees when they went against what the CC&Rs said, which they did. You people on the Board should be accosted to repay attorney's fees, out of *your* pockets, if you're asking us to pay attorney's fees for this, volunteers or not!

Response from John Pentecost – Comment so noted, let's move on. My colleague and I do not agree with that, by the way, but I am saying that we should move on.

Comment from Charles Nunes – Unless we have any other comments from the Members today, I think we should adjourn this meeting. Thank you everyone.

Meeting adjourned at 11:31 am.

Respectfully Submitted,

Lorena Lemus

Board of Directors – Secretary

CC

Aaron Cartwright

Senior Reservation Agent

Board President's Introductory Statement

Special Informational Meeting of the Members of
Holiday Recreational Vehicle Park Owners Association

December 15, 2018

11:00 a.m.

As president of the Holiday Recreational Vehicle Park Owners Association's (the "Association") board of directors ("Board"), I want to welcome you to this special meeting of our members. The meeting is being held pursuant to the Call and Notice of Special Meeting that was sent out to all of our members on November 29th. As stated in that notice, the purpose of the meeting is to provide information to our members concerning a \$100,000 line of credit that the Association obtained from Mission Bank in May 2018.

The Board called this meeting after receiving a November 1, 2018 letter from an attorney representing one of our members, in which the attorney raised that member's questions about the reasons why the line of credit was obtained and the board's authority to do so.

I would like to note as we get underway that the Association's need for and plans to pursue the line of credit were discussed in open session during the Board's regular monthly meetings on April 14 and May 12, 2018. However, in the interests of full transparency and the board's desire to protect the interests of all of the Association's members, we the Board wanted to have this meeting to give you, the members, a chance to hear directly from the Board.

As stated in the notice calling this meeting, our agenda today is limited to a discussion of the Mission Bank line of credit obtained last May, including the reasons why we needed this line of credit, its status, and its repayment. Our discussion will have to be limited to the matters described in the notice.

On behalf of the Board, I also want to let you know that yesterday we received a copy of a second letter from the same member's attorney to the Board's counsel, Hart King, dated December 11, but sent on December 12, 2018, when our attorney John Pentecost was out of the country. That letter made certain demands and threatened legal action against the Association. On the advice of the Association's legal counsel, Hart King, we are not going to address that letter or respond to it in this meeting. The Association's attorneys will respond to it in due course.

Because legal action has been threatened against the Association, we have our legal counsel from the Hart King law firm – John Pentecost and Ron Thommarson – on the phone during this meeting to listen to the discussions and guide the Board to help keep the meeting on topic.

Thank you for your attendance today.

January 2018 Meeting Financials:

Accounts	Balance
Rabobank - Operating	\$15,228.71
Rabobank - Laundry	\$20,195.34
Rabobank - MM	\$0.00
Rabobank - Dues	\$1,291.23
Morgan Stanley Dean Witter	\$143,421.05
Mission Bank CD	\$105,952.74

Item	Dec 2017	Dec 2016	Difference
Income	\$56,819.69	\$44,109.03	\$14,710.66
Expense	\$74,705.73	\$82,385.73	-\$7,680.0
Net Income	-\$17,886.04	-\$38,276.70	\$20,390.66

February 2018 Meeting Financials:

Accounts	Balance
Rabobank - Operating	\$27,838.57
Rabobank - Laundry	\$22,610.49
Rabobank - MM	\$0.00
Rabobank - Dues	\$38,659.66
Morgan Stanley Dean Witter	\$143,421.05
Mission Bank CD	\$105,970.74

Item	Jan 2018	Jan 2017	Difference
Income	\$149,506.11	\$65,457.71	\$84,048.40
Expense	\$70,525.55	\$58,022.37	\$12,503.18
Net Income	\$78,998.56	\$945.35	\$78,053.21

March 2018 Meeting Financials – Yearly Comparison:

Item	Jan - Dec 2017	Jan - Dec 2016	Difference
Income	\$949,772.66	\$896,035.44	\$53,737.22
Expense	\$881,876.14	\$871,436.78	\$10,439.36
Net Income	\$4,393.14	-\$45,164.47	\$49,557.61

April 2018 Meeting Financials:

Accounts	Balance
Rabobank - Operating	\$48,621.23
Rabobank - Laundry	\$1,115.70
Rabobank - MM	\$0.00
Rabobank - Dues	\$451.36
Morgan Stanley Dean Witter	\$147,996.49
Mission Bank CD	\$105,970.74

Item	March 2018	March 2017	Difference
Income	\$71,070.67	\$67,238.92	\$3,831.75
Expense	\$85,538.94	\$62,657.79	\$20,881.15
Net Income	-\$12,468.27	\$4,581.13	-\$17,049.40

May 2018 Meeting Financials:

Accounts	Balance
Rabobank - Operating	\$31,393.06
Rabobank - Laundry	\$2,150.86
Rabobank - MM	\$0.00
Rabobank - Dues	\$808.84
Morgan Stanley Dean Witter	\$148,201.03
Mission Bank CD	\$105,970.74

Item	April 2018	April 2017	Difference
Income	\$56,672.84	\$77,949.76	-\$21,276.92
Expense	\$56,599.43	\$58,589.87	-\$1,990.44
Net Income	\$73.41	\$13,439.72	-\$13,366.31

June 2018 Meeting Financials:

Accounts	Balance
Rabobank - Operating	\$100,034.61
Rabobank - Laundry	\$3,429.62
Rabobank - MM	\$0.00
Rabobank - Dues	\$2,097.30
Morgan Stanley Dean Witter	\$148,201.03
Mission Bank CD	\$105,970.74

Item	May 2018	May 2017	Difference
Income	\$53,012.92	\$66,768.21	-\$13,755.29
Expense	\$69,782.94	\$59,131.26	\$10,651.68
Net Income	-\$16,770.02	\$7,636.95	-\$24,406.97

July 2018 Meeting Financials:

Accounts	Balance
Rabobank - Operating	\$115,809.41
Rabobank - Laundry	\$5,617.68
Rabobank - MM	\$0.00
Rabobank - Dues	\$30,356.56
Morgan Stanley Dean Witter	\$148,201.03
Mission Bank CD	\$105,970.74

Item	June 2018	June 2017	Difference
Income	\$164,994.37	\$70,632.01	\$94,362.36
Expense	\$73,075.69	\$68,516.68	\$4,559.01
Net Income	\$91,918.68	\$2,115.33	\$89,803.35

August 2018 Meeting Financials:

Accounts	Balance
Rabobank - Operating	\$157,706.48
Rabobank - Laundry	\$9,975.11
Rabobank - MM	\$0.00
Rabobank - Dues	\$43,619.29
Morgan Stanley Dean Witter	\$149,471.54
Mission Bank CD	\$105,970.74

Item	July 2018	July 2017	Difference
Income	\$107,823.18	\$147,726.62	-\$39,903.44
Expense	\$74,665.92	\$64,075.11	\$10,590.81
Net Income	\$33,157.26	\$83,651.51	-\$50,494.25

September 2018 Meeting Financials:

Accounts	Balance
Rabobank - Operating	\$182,061.24
Rabobank - Laundry	\$12,5272.11
Rabobank - MM	\$0.00
Rabobank - Dues	\$45,141.29
Morgan Stanley Dean Witter	\$149,471.54
Mission Bank CD	\$105,970.74

Item	Aug 2018	Aug 2017	Difference
Income	\$112,225.69	\$68,657.15	\$43,568.54
Expense	\$76,498.52	\$85,909.06	-\$9,410.54
Net Income	\$35,727.17	-\$17,251.91	\$52,979.08

October 2018 Meeting Financials:

Accounts	Balance
Rabobank - Operating	\$205,491.94
Rabobank - Laundry	\$14,896.61
Rabobank - Dues	\$45,922.29
Morgan Stanley Dean Witter	\$151,829.27
Mission Bank CD	\$105,970.74

Item	Sept 2018	Sept 2017	Difference
Income	\$93,992.30	\$74,552.23	\$19,440.07
Expense	\$69,449.31	\$78,534.88	-\$9,085.57
Net Income	\$24,542.99	-\$3,982.65	\$28,525.64

November 2018 Meeting Financials:

Park Accounts	Balance (10/31/18)
Rabobank - Operating	\$244,180.61
Rabobank - Laundry	\$16,437.61
Rabobank - Dues	\$8,419.65
Morgan Stanley Dean Witter	\$151,689.50
Mission Bank CD	\$105,970.74

Monthly Comparison	Oct 2018	Oct 2017	Difference	% Change
Income	\$79,844.66	\$70,779.54	\$9,065.12	12.8%
Expense	\$66,963.85	\$71,922.50	-\$4,958.65	-6.9%
Net Income	\$12,880.81	-\$1,142.96	\$14,023.77	1227%

December 2018 Meeting Financials:

Park Accounts	Balance (11/30/18)
Rabobank - Operating	\$141,279.80
Rabobank - Laundry	\$18,911.61
Rabobank - Dues	\$10,368.61
Morgan Stanley Dean Witter	\$151,689.50
Mission Bank CD	\$105,970.74

Monthly Comparison	Nov 2018	Nov 2017	Difference	% Change
Income	\$80,975.45	\$63,265.70	\$17,709.75	28%
Expense	\$86,209.42	\$105,065.93	-\$18,856.51	-18%
Net Income	-\$5,233.97	-\$41,800.23	\$36,566.26	87.5%