

**Minutes of the January 28, 2010 Meeting of the Board of Directors of the Silver Creek Valley Country Club Geologic Hazard Abatement District.**

A meeting of the Board of Directors of the Silver Creek Valley Country Club Geologic Hazard Abatement District (“District”, “GHAD”) was held at the Silver Creek Valley Country Club, at 5460 Country Club Parkway, San Jose, California, on January 28, 2010 and was called to order at 4:09 PM.

The following directors were present at the beginning of the meeting and constituted a quorum for the transaction of business: Reyad Katwan, Ed Abelite and Steve Kay. Also present were Cris Caren, homeowner, and Roy Nelson, District General Manager.

It was noted by the Directors that the Agenda had been properly posted at the guard gate at least 72 hours prior to the meeting. The following Directors were not present and the Manager noted he had received prior notice that they would be unable to attend the meeting: Jim Williams and Bill Highlander.

The Chairman noted that the first order of business was to consider the resignation of Director Bill Highlander and the appointment of Cris Caren as his replacement. It was noted that they had met with Mr. Caren at the prior meeting and thus there was limited discussion. It was noted that Mr. Caren should be referred to in the resolution as “Robert (Cris) Caren”. On motion duly made, seconded, and unanimously carried, the Board adopted Resolution 10-01, “Resolution of the Board of Directors of the Silver Creek Valley Country Club Geologic Hazard Abatement District Accepting the resignation of District Director Bill Highlander and appointing a “Replacement Director” as corrected.

The Chairman moved onto the item for public comments and a review of the correspondence to the head of the agenda. There was no correspondence presented.

The minutes of the two prior board meetings (July 23, 2009 and October 22, 2009) were then reviewed by the Board of Directors. On a motion duly made, seconded and carried by unanimous vote, both minutes were accepted.

The next item to be considered was the Manager’s report for the Second Quarter of Fiscal Year 2009-2010, including the annotated Budget and Cash Flow Estimate for the Second Quarter of Fiscal Year 2009-2010. The Manager noted that the regular duties included administrative and meeting preparation work including quarterly and annual budgets and accounting reports, tracking and managing investments, reviewing and paying invoices, along with responding to calls and mail.

The Manager reported that the auditor has had major problems importing District accounting files and that Manager was doing his best to expedite the completion. The Board suggested that the Manager work more closely with the Treasurer on file transfers and help on Quicken that he could provide.

The Manager noted that the Blackpool Court property had closed escrow and that the new owner had immediately covered the slide area for the winter. The letter to the new owner had been sent, no

response had been received, and the property was still unoccupied. Following some discussion by the Board, it was recommended that the Manager prepare a second letter requesting a repair schedule to the owner highlighting the fact that the City was losing staff during this tough economy and that review times were becoming very long. The Manager was directed to prepare a draft and send it to Board members for comments prior to sending it over to the new owner.

The Manager then provided an update on the status of the “Mitigation, Response, and Recovery Strategy for a Major Geologic Disaster in the District” (“MRRS Report”) and noted he had prepared and circulated a 14 page draft media response element for Board comment and had no responses. Also, a few hours were devoted to keeping the District’s participation in ABAG’s “Multi-Jurisdictional Local Hazard Abatement Plan” (LHMP) active. The Manager informed the Board that having an approved LHMP will save the District its 6.25% share of disaster recovery grant from FEMA/OES and that the LHMP is also now synergizing with the MRSS Report.

The Manager then noted that the next Assessment collection had been auto-deposited earlier in January for \$124,969.

It was also noted that the Manager had done a number of post storm drive-through inspections during the quarter and that no new problems had been noted.

The Fall inspections had only been partially completed due to Board directed priorities which delayed start until the rainy season, vacations and holidays. The Board then questioned the value of further inspections and measurements given the expansive nature of the soil and the amount of rain to date. It was determined that one last inspection would be attempted if a sufficient dry spell came along soon. It was also decided that the manager send out a “clean up letter” to the HOA in about June (after the goats clear the grasses and well before the rainy season) to allow the HOA sufficient time to clean out the ditches the District finds to need cleaning before the next rainy season.

Discussions then moved on to the financial activity of the second quarter, during which the District earned \$54 of money market interest, earned \$20,050 of CD and agency note interest and dividends, purchased no Bank CDs and federal agency paper, and deposited no assessment revenues. The District paid expenses of \$31,043. Reserves at the end of the quarter included \$552,598 in the Money Market account (yielding 0.07%) and \$2,571,880, in money market, Federal Agency Notes and CDs maturing between 2009 and 2023, with total District equity of \$2,576,297 (taking into account adjustments for receivables, payables, and increased market value at the end of the quarter).

It was also noted that the \$423,396 of CMO principal was paid back or CDs matured during the quarter. The Manager then noted that as of December 31, 2009 the CMOs were yielding an average of 4.84%, and were valued at 96.5% of cost. It was also noted that a number of CMOs had been purchased for as much as 5% above par (partially accounting for the value at 96.5% of cost) and those are currently yielding interest as high as 5.79%.

The Manager then noted that the quarterly investment report, titled “Executive Summary”, had been prepared by Smith Barney and was available for review. The Manager then reviewed the attached cash flow summary for the second quarter, noting that the actual expenses were at budget in spite of a number of reallocations of time spent on various tasks. Discussion then turned to the details of the

Manager's billing, time card and task tracking. The Manager offered to send a packet to each of the Board Members with detailed time and mileage sheets, invoice and other backup information as kept for the District files for each of the months in the second quarter.

The Manager then questioned the accuracy of the line item related to the Blackpool issue and one Board Member requested that the budget line item for disaster planning be detailed out to allow for comparison with the actual amount as shown. It was decided to delay acceptance of the Manager's report until the next meeting so these budget items could be attended to.

It was then noted that the remaining agenda items were quite involved and that there was not sufficient time to address them during the meeting.

The Board at this point unanimously voted to add an agenda item for a Closed Session for a conference regarding personnel matters. It was specifically noted that the Board was going into closed session under Government Code Section 54957.7 to discuss personnel matters and that there was one item to be discussed. On a motion duly made, seconded and unanimously carried, the Board moved into closed session.

Following the closed session, the Board, on a motion duly made, seconded and unanimously carried, reconvened into open session whereupon the Chairmen announced that the Board had taken no action.

The Chairman asked that a special meeting be arranged for February 4 at 5:30 PM with the only item to be a closed session for personnel matters. It was also decided that special meetings be convened for February 25, 2010 and March 25, at 4:00 PM as work sessions on the Disaster Recovery Planning.

The Manager then noted that the Oaths of Office from the 2009 Election cycle were available for signing after the meeting.

Finally, the Manager noted that the location and date for the next regular Board Meeting is at the Silver Creek Valley Country Club's Board Room, to be held at 4:00 PM on April 22, 2010. There being no other business to discuss, on a motion duly made, seconded and unanimously carried, the meeting was adjourned at 6:15 PM.

Respectfully Submitted,

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*James Williams*  
DocuSigned By: James Williams

James Williams,  
Clerk of the Board.