

**Minutes of the August 17, 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 Silver Creek Valley Country Club, at 5460 Country Club Parkway, San Jose, California, on August 17, 2010 and was called to order at 6:44 PM.

The following directors were present at the beginning of the meeting and constituted a quorum for the transaction of business: Reyad Katwan, Baiba Scott and Richard Manso. Directors Stephen Kay and Ulf Sandberg were absent.

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 by Ed Abelite.

The minutes of the July 22<sup>nd</sup>, 2010 meeting were then reviewed by the Board of Directors. Reyad Katwan made a motion to approve the minutes. Baiba Scott seconded the motion. After a final review by the Board, the Board voted unanimously to approve the minutes.

The third agenda item was public comments and a review of the correspondence. There was no public comment and no correspondence presented.

The fourth agenda item which was to be a conference call briefing by GHAD’s Counsel David Preiss was deferred until the next meeting. This was done under advice of District Counsel because it was appropriate to place the potential litigation discussion item on an Executive Session closed door agenda. Will be scheduled for the September 16<sup>th</sup>, 2010 meeting.

The fifth agenda item was the review and final acceptance of the 2006/2007 Audit of the GHAD. Abelite noted that the final Audit document provided was very similar to the previous “draft audit” presented at the previous board meeting. The only exception being the findings were changed to reflect the fact that the GHAD is not required to perform financial reporting to the State of California. Baiba Scott made a motion to accept the 2006/2007 Audit as presented. Richard Manso seconded the motion. The Board voted unanimously to approve the motion.

At this time, the Board reviewed the proposed budget for the District for the year 2010/2011. Abelite presented the proposed budget to the Board by displaying the actual spread sheet on an overhead laptop presentation using Microsoft Excel. The presented format was similar to the formats of previous years except this budget did not contain actual spending data from the previous year for comparison purposes. Richard Manso expressed that this information should have been provided at this time. The other Board members agreed.

Abelite went on to describe the rationale and estimation methods for various expenses categories by displaying the actual cell formulas within several budget items. Abelite also indicated that in the near future the GHAD financial information will all be contained within an easy to present Quick Books Pro format, including these same budgets. After some discussion it was decided to increase the budget for the Geotechnical Engineering – Air photo September 2010 from \$1,400 to \$2,850 and

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to add a budget category under General Manager Expenses described as General Manager placement/RFP in the amount of \$3,000.

With these changes, the projected expenses for the fiscal year went from \$128,857 to \$133,307. Subject to those changes, Richard Manso made a motion to approve the proposed budget as submitted. Baiba Scott seconded the motion. The Board then voted unanimously to approve the 2010/2011 budget.

At this point, Abelite gave an Administrative report in regards to various items that he had worked on since the previous Board meeting. Items discussed were:

- Abelite reported that the Engagement letter for next 3 audits was issued. The Auditor has started work on the Audit for 2007/2008. Abelite is working on providing Auditor requested documents. The contractor data entry book keeper is progressing as expected. Abelite is targeting that the 2007/2008 Audit be completed by end of September 2010.
- Abelite reported that the GHAD has successfully completed and submitted the enrollment process with the County Tax Collector for the 2010/2011 Tax role. Reyad Katwan mentioned that the GHAD should consider placing all the remaining vacant lots on the tax role in the future. Abelite will explore this further.
- Abelite reported and presented information to the Board regarding Board member indemnification by GHAD. Abelite presented excerpts from an email by David Preiss regarding this question wherein it appears that the GHAD Board members are covered under the Bylaws Article IV of the GHAD. Richard Manso pointed out potential instances where Board member may still be named in lawsuits and be forced to defend themselves even after leaving office. Richard Manso indicated he would like this explored further with our legal Counsel. Richard Manso posed the question “What are other Special Districts doing to provide another layer of indemnification Agreements to protect their Directors?”
- Abelite reported on the progress of seeking out General Liability Insurance for the District. Abelite reported that there may be a few good sources for Insurance coverage, with a particular focus on the Special Districts Risk Management Association. Abelite reported that he must fill out information forms, issue them and then receive quotes as to insurance policies. That work product is still ongoing. Richard Manso mentioned that D&O insurance is one type of policy we should be considering.
- Abelite reported that he authorized Air Flight Company to go up and take the annual color photograph and annual infrared photograph of the District land area for historical documentation purposes. Abelite reported he created the SOP for this task. Richard Manso mentioned the question of copyright issues with respect to placing this photograph on the Districts new on line Board member file sharing portal, named “Filesanywhere”. Abelite will look into this copyright question.
- Abelite reported on the progress of getting the District financials onto the Quick Books Pro based platform. Abelite displayed the new software on the overhead projection screen. Abelite projected that the District should be self sufficient on Quick Books Pro within a matter of a few months. The constraint to this task being more related to the need to catch up on Audits.



- Abelite reported on and demonstrated the Districts potential tool for remote computer file storage and file viewing access for the Board to use in the future. Abelite demonstrated the “Filesanywhere.com” application provider for this purpose with sample files. The Board directed Abelite to continue these efforts to create the program for remote file hosting for the more important District documents. Richard Manso mentioned the possibility of using Adobe to create the documents with keyword search routines. It was decided to consider implementing this idea sometime in the future.
- Ed Abelite reported on anticipated future tasks and their priorities. No changes were made by the Board.

This concluded the administrative report.

GHAD Field business Agenda items:

**AT&T Fiber Optic trenching:** Abelite reported seeing no construction activity.

**La Seyne Place:** Abelite reported seeing no activity on this item.

**Blackpool Court property:** Abelite reported he sent the August 3, 2010 letter to the property owner, Mr. Halvorson (Halvorson) with the changes noted by Ulf Sandberg and Richard Manso. .

This concluded the field business agenda item report.

There was no new business discussed.

It was noted that the next GHAD Board meeting is scheduled to occur Thursday September 16<sup>th</sup>, 2010 at 5460 Country Club Parkway at 6:30 pm. Richard Manso mentioned he would be able to attend by conference call only and his desire to do so. Abelite was tasked to set up conference calling capability.

The meeting was adjourned at 8:20 PM.

Respectfully Submitted,

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*Ulf Sanberg*  
DocuSigned By: Ulf Sanberg

\_\_\_\_\_, Clerk of the Board.

9/19/2010