

Minutes of the September 16, 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 September 16th, 2010 and was called to order at 6:35 PM.

The following directors were present at the beginning of the meeting and constituted a quorum for the transaction of business: Stephen Kay, Ulf Sandberg, Baiba Scott and Richard Manso was in attendance via Conference call. Director Reyad Katwan was 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 August 17th, 2010 meeting were then reviewed by the Board of Directors. Baiba Scott made a motion to approve the minutes. Ulf Sandberg seconded the motion. After a final review by the Board, and with a correction to the name of Director Kay 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.

Because of a time certain schedule set for agenda items 4 and 5, the next item brought forward to be discussed was item 6, the Operations Report. Abelite gave a report in regards to various items that he had worked on since the previous Board meeting. Items discussed were as follows:

- Abelite reported the auditor has received all her requested materials from Abelite and that the first draft of the 2007/2008 audit should be completed by the end of September. Abelite reported that the types of information the auditor requests are randomly selected test cases for copies of invoices, copies of canceled checks, copies of the minutes of the meetings for that year and names of the then serving Directors.
- In response to a Board request from the previous meeting, Abelite reported on the findings of including the few remaining vacant lots into next years GHAD tax roles. Abelite reported that based on conversations with David Preiss, the amount of work and Public noticing required to change the structure of the GHAD in a way that would permit the GHAD to collect yearly assessments from vacant lot owners was not worth it. Abelite also reported on David Preiss’s concern as to the GHAD not increasing the yearly tax enrollment assessment for each home within the District for several years. Abelite will pursue this concern with David Preiss and report back to the Board.
- Abelite reported on the progress of seeking out general liability insurance for the District. Abelite reported that the Special Districts Risk Management Association was not able to underwrite the GHAD risk for the following reasons: “Due to the Districts potential liability exposure and SDRMA’s exclusions for land movement, the underwriters determined that there were few exposures that SDRMA would be able to cover” At this point David Preiss, counsel for the GHAD joined the Board meeting by conference call. The conversation of

general liability insurance continued with counsel now also providing input and comments on the matter. The Alliant Insurance quote was discussed briefly. Richard Manso suggested that the GHAD obtain more quotes for insurance. Abelite will pursue Chubb Insurance for a quote, the California GHAD Association for a quote and another specific broker that Richard Manso suggested. After all quotes are in, David Preiss will aide in final review of these insurance policies and coverage's.

At this point, agenda item 4a was discussed. This was the item known as GHAD Board member indemnification by the GHAD. David Preiss started by describing the nature of our District which exists as a Political Subdivision under California Law. The GHAD is a Special District and as such, the Directors are Public Officials that enjoy the indemnities accorded to all Public Officials in the State of California. David Preiss also went on the point out the strong language embedded in the Bylaws of the GHAD that affirms and establishes GHAD Director Indemnifications.

Richard Manso discussed his experiences with serving on other Boards and his experiences with Director Indemnification agreements. After some more discussions, it was decided that a Director Indemnification Agreement will be developed and used as normal practice in the future by GHAD.

Next, agenda item 4b was discussed with respect to the GHAD's General Managers indemnification. Recognizing that the General Manager is an independent contractor and not an employee illuminated to the Board that any GHAD Manager, present or future is exposed to risks with no assured protection from the GHAD when conducting GHAD business. Furthermore, given that the previous Managers contract was an employment contract and not an independent contractor form contract, the Board directed David Preiss to take up the task of creating an independent contractor agreement to be used to employ the GHAD General Manager. Richard Manso agreed to work directly with David Preiss to develop this agreement in order to avoid any potential conflicts with the interim manager Abelite.

At this time, the Board turned their attention to Agenda item 5 which was a scheduled "Closed Session" of the Board with Counsel David Preiss in accordance with Government Code Section 54956.9(b)(1) in regards to potential Litigation. On a motion by Baiba Scott and a second by Ulf Sandberg, the Board voted to close the Public hearing and went into closed session.

Following the closed session, the Board, reconvened into open session whereupon Vice Chairmen Kay announced that the Board had taken no action and there was nothing to report.

At this point, David Preiss exited the meeting by excusing himself off the conference call. Similarly, Director Manso exited the meeting by excusing himself off the conference call.

Abelite now continued with the Administrative report item 6.d.

Abelite reported that Air Flight Systems just successfully flew and photographed the District area as is done on a yearly basis. Abelite presented two aerial photos to the Board. One photo is a regular – high resolution color photograph of the District area. The second photo is an infrared type image of the District that depicts evidence of moisture where red colors occur on the photographed image. These two images add to the archive of photos GHAD has accumulated. Digital copies were

procured as well. It was decided that the Board would like to invite the Districts Geologist, Rex Upp to the next Board meeting to discuss this image and the upcoming fall inspections.

Abelite went on to report that there have been no new activities detected in regards to the AT&T fiber optic project or the La Seyne Place hillside slope project.

Abelite reported that the Blackpool Court property Owner has made what appears to be meaningful headway towards resolving the slide on his property. Abelite reported to the Board that Abelite received copies of construction plans that have been already submitted to the City of San Jose for plan check review and approval. Mr. Halvorson indicated he has hired a Soils Engineer (Hildebrandt) and a general engineering contractor to work on the project. Abelite will continue to monitor and report progress to the Board.

This concluded the field business agenda item report.

Item 7a. Abelite reported he was not able to attend the next scheduled GHAD meeting. Abelite will work on rescheduling the next meeting with the Board.

The meeting was adjourned at 8:07 pm.

Respectfully Submitted,

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Ulf Sanberg
DocuSigned By: Ulf Sanberg

, Clerk of the Board.

10/31/2010