

Minutes of the December 2, 2010 Meeting of the Board of Directors of the Silver Creek Valley Country Club Geologic Hazard Abatement District.

Agenda item 1: 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 December 2, 2010 and was called to order at 6:31 PM.

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

Agenda item 2: The minutes of the October 28, 2010 meeting were then reviewed by the Board of Directors. Stephen Kay made a motion to approve the minutes. Baiba Scott seconded the motion. Richard Manso noted corrections to the minutes in paragraph 18 and the last paragraph of the minutes. The Board voted unanimously to approve the minutes with the noted corrections.

Agenda item 3: The third agenda item was public comments and a review of the correspondence. There was no public comment and no correspondence presented.

Agenda item 4: This was a scheduled “Executive Session” regarding personnel matters under Government Code Section 54957.7. Ed Abelite was excused from the meeting and the Board went into Executive Session. Some time later, the Board came out of Executive Session and Ed Abelite was invited back into the meeting. The Chairman reported out in Public Session that the action taken in Executive Session by the Board was the approval of the “Independent Contractor Agreement between Silver Creek Valley Country Club Geologic Hazard Abatement District and General Manager” as was provided by the GHAD attorney David Preiss. Furthermore, the Chairman reported that the Board had authorized the Chairman to enter into the agreement with Ed Abelite as the General Manager.

Agenda item 5: As a result of the last Board meeting, the Board was presented the latest draft of the form “Indemnification Agreement” for GHAD’s directors and officers, as provided by GHAD attorney David Preiss. The draft presented contained suggested changes as a result of the last Board meeting. Director Manso made a motion to approve the form of the proposed Indemnification Agreement. Director Scott seconded the motion. After a brief discussion regarding the latest changes, the Board voted unanimously to approve the motion. This Agreement now becomes a standard form to be used for Board members and Officers serving the GHAD.

Regarding this same item, Director Manso made a motion to direct Abelite to implement the new agreement by obtaining signatures on the agreements for all Board members and District Officers. Director Scott seconded the motion. The Board then voted unanimously to approve the motion.

Agenda item 6: The Board was presented with the final draft of the 2007/2008 GHAD Audit produced by Deborah Daly, CPA. Abelite discussed changes that were implemented as a result of the previous Board review. The Board reviewed the 2008 Audit and noted remaining required changes as follows:

- Page 5 Paragraph 4, sentence 3 to be removed.
- Page 18, Finding 1 – Remove references to “Workers Compensation”.
- Page 18, finding 2, line 1. Replace the word “employment” with “independent contractor”.
- Page 19, finding 1 – Remove references to “Workers Compensation”.

At this point, Director Kay made a motion to accept the Auditors GHAD report for the year ending June of 2008 with the above changes noted. Director Scott seconded the motion. The Board then voted unanimously to approve the motion.

Agenda item 7: The Board was presented with the first draft of the 2008/2009 GHAD Audit produced by Deborah Daly, CPA. The Board reviewed the 2009 draft Audit and noted changes as follows:

- Page 5 Paragraph 4 -required a rewrite to match the same paragraph from the previous year’s audit.
- Page 17, last paragraph – replace the word “trustees” with “Directors”.
- Page 18, finding 1 –remove references to “Workers Compensation”.
- Page 18, finding 2, line 1 -replace the word “employment” with “independent contractor”.
- Page 19, finding 1 – remove references to “Workers Compensation”.
- Page 19, finding 2 - replace the word “employment” with “independent contractor”.

At this point the Board directed Abelite to bring a final version of this 2009 Audit back to the Board’s next meeting for final review and possible approval incorporating the changes noted.

The Board went on to discuss whether the audits in general should somehow be distributed to the constituents of GHAD. One possibility discussed was to publish an article in the HOA newsletter within which a reference could exist to various GHAD documents available to the Public upon request. The Board directed Abelite to write a short article for publication in the next HOA newsletter. The article will be presented to the Board for review at the next Board Meeting. The Board also directed Abelite to discuss with David Preiss any thoughts he may have in regards to the Audits and how best to make them available to the public.

Agenda item 8: The Board was presented with the General Liability Insurance quote from Alliant Insurance. Director Manso pointed out a few items on the quote that required further investigation and follow through.

- Page 2 of the SLIP proposal referenced coverage for Fire damage. Director Manso questioned the need for this since the GHAD owns no structures.
- Page 1 of the SLIP proposal referenced Non-Owned and Hired Automobile Liability as included and yet page three seemed to carve portions of the referenced coverage out of the policy. This should be clarified.

The Board went on to discuss which coverage amounts should the GHAD purchase for insurance purposes. After some discussion it was decided that the GHAD would purchase Option 1 coverage.

Director Manso made a motion to instruct Abelite to resolve the two items needing clarification to the extent possible with the Insurance Agent, to implement Option 1 and to indeed purchase the Alliant Liability Insurance package as proposed. Director Scott seconded the motion. The Board then voted unanimously to approve the motion.

Agenda item 9: The Board was presented with a memorandum prepared by GHAD attorney David Preiss dated November 18, 2010 regarding Potential Adjustment of GHAD Assessments and Proposition 218 requirements.

Abelite presented a brief background to the Board on this matter as it related to yearly property parcel assessments within the District. Board discussion centered on increasing the per lot adjustment for the 2011/2012 Tax role. Pros and cons were discussed and it was decided that the Board would like to see a maximum upward adjustment for each parcel listed on the Tax roles for the tax year 2011/2012. Abelite informed the Board that the Board request for these actions will be implemented by a manager's report and a formal resolution during a future GHAD meeting.

Abelite then gave an administrative 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 is basically done with the 2008 and 2009 Audit and waiting final approval from GHAD. Abelite reported that the 2010 audit has begun.
- Abelite reported that he worked on finalizing the Board Member and Officer Indemnification Agreement.
- Abelite reported that he worked on finalizing the Independent Contractor Agreement between GHAD and the General Manager.
- Abelite had worked on obtaining the Alliant Insurance quote update necessary for the December 2, 2010 Board meeting.

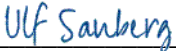
- Abelite reported to the Board the difficulty of getting the maps necessary for the annual fall inspections. After a brief discussion, the Board authorized Abelite to pay for and procure the fall inspection maps from Roy Nelson per Mr. Nelson's emailed proposal.
- Abelite reported that he saw no new work at either the AT&T project or the La Seyne Place hillside slope restoration project.
- Abelite reported that he had corresponded by email with Mr. Halvorson in the recent past. Abelite had checked in as to permit progress with the City of San Jose. Halvorson's email response indicated frustration with the City process. Halvorson's email also asserted that GHAD was withholding information from him in terms of soils reports. Abelite presented to the Board all files that GHAD possesses related to Blackpool Court. Abelite also indicated that he thought the files that GHAD possessed would not materially assist Halvorson and that the files were primarily reports prepared for the prior owner of the lot which were courtesy copied to GHAD. After some discussion, the Board instructed Abelite to transmit all bona fide Soils Reports and Soils Engineers letters that may be relevant to Halvorson's project. The transmittal should have all contents bound and accompanied with a cover letter.
- At this point, the Director Manso mentioned that he would like to see a task prioritization list for the next meeting. Since it appears the GHAD is progressing towards completing several GHAD manager projects, the thoughts were to revisit priorities. This was scheduled for the next meeting. Along the thoughts of next steps, Abelite reported he had met with Chris Godley with the City of San Jose's Office of Emergency Management. Abelite mentioned this was the early stages of writing the GHAD's first disaster plan.

This concluded the Administrative and Field reports by Abelite.

Agenda item 11.a: There was a brief discussion of calendaring the 2011 GHAD Board Meetings. Abelite will send out proposed dates for Board members to select dates that suit them. The Proposed January 27, 2011 dated is difficult for some Board members. So this date shall also be adjusted a little earlier.

The meeting was adjourned at 8:33 pm.

Respectfully Submitted,

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, Clerk of the Board.

1/22/2011