

Minutes of the May 24, 2011 Meeting of the Board of Directors of the Silver Creek Valley Country Club Geologic Hazard Abatement District.

A meeting the Board of Directors of the Silver Creek Valley Country Club Geologic Hazard Abatement District (“District”, “GHAD”) was held at 5460 Country Club Parkway, San Jose, California, on May 24, 2011 and was called to order at 6:40 PM.

Agenda item 1: The following directors were present at the beginning of the meeting and constituted a quorum for the transaction of business: Reyad Katwan (as Chairman), Stephen Kay and Richard Manso. Board Members Baiba Scott Kay and Ulf Sandberg were absent. The General Manager of the GHAD, Ed Abelite was present at the meeting and was asked by Mr. Katwan to be the Secretary of the meeting and to keep the minutes of the meeting.

Silver Creek resident, Ms. Cat Urbas was also present at the meeting.

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 Mr. Abelite.

Agenda item 2: The minutes of the March 24, 2011 meeting were then reviewed by the Board of Directors. Mr. Manso made a motion to approve the minutes. Mr. Katwan seconded the motion. The Board voted unanimously to approve the minutes with Mr. Kay abstaining from the vote.

Agenda item 3: The third agenda item was to accept Board member Baiba Scott’s letter of resignation and to appoint a replacement Director. Mr. Manso made a motion to accept Ms. Scott’s letter of resignation. Mr. Kay seconded the motion. The Board discussed and acknowledged Ms. Scotts contributions to the GHAD. The Board instructed Mr. Abelite to prepare a formal letter of thanks to Ms. Scott and to present to Ms. Scott a commemorative plaque from the GHAD.

Mr. Kay then made a motion to approve and adopt GHAD Resolution 2011-01 to appoint Cat Urbas to the GHAD Board of Directors. Mr. Manso seconded the motion and the motion passed unanimously. Mr. Abelite administered the written Oath of Office and Ms. Urbas was sworn in as a Board member of GHAD. Ms. Urbas and Mr. Katwan then executed a Board Member Indemnity Agreement and Ms. Urbas took her place as a Board member for the remainder of the meeting.

Agenda item 4: There were no comments or correspondence from the Public.

Agenda item 5: The Board was presented with the GHAD Managers report regarding Tax Roll District Assessments for the fiscal year 2011-2012. Mr. Abelite also presented to the Board the November 18, 2010 attorney work product by Mr. David Preiss regarding District Assessments. It was noted that the District has not raised Tax Roll Assessments since fiscal year 1995-1996. .

Mr. Manso then made a motion to approve and adopt GHAD Resolution 2011-02 which enables an increase in the Tax Roll Assessments to the allowed maximum of 5% over the previous year’s Tax Roll Assessment. Mr. Kay seconded the motion with the clarification that the Resolution was to be numbered 2011-02. After discussion, the Board concluded it was prudent on behalf of the District



to implement the maximum 5% increase on the Tax Rolls for fiscal year 2011-2012 because when geologic events do occur, they are costly and the reserves of the GHAD should continue to be built up over time. The motion as clarified passed unanimously.

As a result, the 2011-2012 Tax Roll rates shall be as follows for properties within the District boundaries:

- \$174.51 for each single family home.
- \$116.34 for each condominium.
- And a charge of .03486 cents per square foot for commercial properties.

Agenda item 6: The Board was presented with the GHAD Managers report regarding the GHAD Budget for fiscal year 2011-2012. Mr. Abelite also presented to the Board data regarding the previous 12 months of financial operations. The Board discussed and reviewed the proposed budgeted line items with particular focus on general manager expenses, legal expenses, geotechnical engineering expenses, air flight photo expenses, audit expenses, tax roll expenses and the contingency account.

Mr. Manso then made a motion to approve and adopt the proposed budget for 2011-2012 with no changes. Mr. Kay seconded the motion. The motion passed unanimously and the budget for 2011-2012 was adopted.

Agenda item 7: Ms. Urbas presented to the Board her research in regards to photographic and digital record storage. Ms. Urbas reported these top level points:

- Peer organizations are grappling with challenges similar to the GHAD's as to how to preserve geotechnical information. Some storage issues are solved and some are not.
- Analogue film remains a long term bankable storage option. Analogue film is also considered the best media for legal purposes.
- Analogue film would be best protected and stored with a vendor like Iron Mountain.

Ms. Urbas went on to report that GHAD currently keeps their records as follows:

- Aerial stereographic and infrared photo work is currently stored in a secured residential location. 9" x 9" positives are stored in photo boxes or sleeves. 40" x 40" color and infrared positives are rolled up. The GHAD has these images starting from the early 1990's through present. More recent images are also in the form of Digital TIF files stored on GHAD hard drives. Finally, Air Flight Systems also keeps originals of all the GHAD work in their possession which serves as another layer of back up.
- Digital Media: In 2010, the previous GHAD Manager returned to the GHAD two Apple MAC based hard drives (Drives M1 and M2) which contained most of the manager's previous work files for the GHAD. Most of the manager's work was done on a MAC based operating systems. Mr. Abelite had those hard drives translated to the extent possible into standard PC Operating System format. All files provided by the previous manager including translated ones were then copied to a new 1 Terabyte office hard drive (SeagateOSHD1).
- Currently, all daily GHAD work is created and stored on the GHAD Manager's personal laptop (Circa 2011). All laptop files are backed up to the SeagateOSHD1 drive from time to time. Additionally, there is another-new 1 terabyte hard drive known as WesternOSHD2 which is the back up to SeagateOSHD1.

- A few computer files are redundantly located on a cloud based remote server. The purpose of this cloud based system is NOT for file archiving. It is merely a reduced set library made available to the Board of Directors in order to be able to reference files like minutes, bank statements, resolutions and agreements already existing in computer soft copy format.
- Paper records are currently stored in a secured residential location in approximately 15 storage boxes.

Ms. Urbas reported that the pragmatic alternative to store the analogue film and photos of the GHAD would be to place them in an offsite location using vertical or flat storage with archival sleeves/acid free boxes. The environment should be dust free, 50% humidity and at temperatures between 50-60 degrees. A repository like Iron Mountain can be used and it also offers a higher level of protection than leaving the media at the present residential location.

With respect to digital media and file storage, Ms. Urbas reported that, given the limited resources of the GHAD and the very large file sizes of the GHAD's TIF files, keeping a number of hard drives and back up hard drives in various locations would on balance be the best digital file protection solution for the GHAD.

After Board discussion, the Board directed Mr. Abelite to do the following with respect to certain GHAD records:

- Have a total of 3 – 1 Terra Byte Hard drives. The SeagateOSHD1 drive shall remain as the working office drive. The WesternOSHD2 and one other to be purchased drive will become mirror backup drives and they are to be stored offsite in two separate locations. One location to be Iron Mountain. The other offsite location to be with Morgan Stanley Smith Barney if possible.
- Store the photographic records and stereographic images that GHAD acquires every year at Iron Mountain. The Board also authorized adjusting the just passed 2011-2012 Budget to take \$1,900 out of the Contingency account and create a records retention account allocating \$1,900 for record storage.

Agenda item 8: There was no executive session.

Agenda item 9: The Board was presented with a draft of a proposed news letter. Mr. Manso mentioned some edits and comments regarding the presented news letter. Mr. Abelite described the approach he used to write the sample event article. After some discussion and because there was so much possible content, Mr. Abelite was directed to investigate the potential costs associated with publishing a 4 page GHAD news letter and having it accompany the regular HOA News Letter. Mr. Abelite was also directed to make revisions and a first pass layout in Microsoft Publisher. The Board did not authorize the news letter for distribution at this point. This News Letter project is still in development stage.

Agenda item 10. Mr. 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:

- Mr. Abelite reported to the Board that the 2009/2010 GHAD Audit had been completed. Mr. Abelite also presented an engagement letter from the Auditor to the Board with respect to

contracting to produce the upcoming 2010-2011 Audit. The Board agreed to retain Deborah Daly as Auditor and Mr. Katwan signed the engagement letter.

- Mr. Abelite reported he worked on FPPC 700 form filings and he reminded the Board of outstanding FPPC Form 700's. Mr. Abelite also discussed that out going Board member Ms. Scott and incoming Board member Ms. Urbas were required to file Form 700's.
- Mr. Abelite reported he had paid vendors, reconciled bank statements and created financial reports for the Board. At the request of Mr. Abelite, the Board authorized the Manager to be able to sign checks payable to GHAD vendors so long as the payment amount did not exceed \$150.00 and was part of the approved budget.
- Mr. Abelite reported the Upp Geotechnology field inspection work had begun on May 12, 2011. Mr. Abelite presented a sampling of the recorded field work to the Board and reported that this project will take most of the summer to complete.
- Mr. Abelite reported that the Landslide Emergency Plan was the next major task he intended to work on.


Mr. Abelite then gave a field report in regards to various items that he had worked on since the previous Board meeting. Items discussed were as follows:

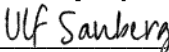
- 1681 Lucca Place: This matter was reported as a closed item at the previous Board meeting. Mr. Abelite did point out that although the property owners rear fence had been moved, the landfill still remained. The Board directed Mr. Abelite to let the HOA know that the fill material was still on the rear HOA slope.
- 5716 La Seyne Place: Mr. Abelite reported he had visited this address once again at the invitation of Mr. Krenzin. Mr. Abelite reported that no rear soil erosion was noted. This matter is considered closed.
- 6113 Blackpool Court: Mr. Abelite reported that Mr. Halvorson felt he was progressing with an agreeable site mitigation plan. He reported that he had just met with the City of San Jose. Mr. Abelite reported that Mr. Halvorson had requested that the GHAD write a letter of support to the Planning Department with respect to the proposed retaining walls. After some discussion the Board felt that writing such a letter was outside the normal course of GHAD operations and could set a bad precedent. Said letter could also possibly be construed as some level of design approval and the Board felt this was inappropriate. While the Board sympathized with Mr. Halvorson's needs, the Board instructed Mr. Abelite to not write a letter of support and inform Mr. Halvorson of such decision.

Agenda item 11: There was no new business.

The meeting was adjourned at 9:10 pm.

Respectfully Submitted,

DocuSigned by:

 Ed Abelite

 DocuSigned by:

 Ulf Sanberg

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, Secretary of the Meeting 10/20/2011

and

, Clerk of the Board 10/20/2011