

**Minutes of the May 24, 2012 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<sup>th</sup> and was called to order at 6:37 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 by teleconference call (as Chairman), Stephen Kay, and Richard Manso. Ulf Sandberg was 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.

It was noted by the Directors that the agenda had been properly posted by Mr. Abelite at the guard gate at least 72 hours prior to the meeting.

Agenda item 2: This item was the GHAD Board to consider the appointment of Mr. Apkarian as a replacement Board member via Resolution 2012-01. Mr. Manso made a motion to appoint Mr. Apkarian as a Board member of GHAD. Mr. Kay seconded the motion. After some discussion, Mr. Manso amended his motion to include directing Mr. Abelite to facilitate GHAD entering into an Indemnification Agreement with Mr. Apkarian. The motion passed unanimously.

At this point, Mr. Katwan left the meeting by ending his conference call.

Agenda item 3: The minutes of the March 15<sup>th</sup>, 2012 meeting were then reviewed by the Board of Directors. Mr. Manso made a motion to approve the minutes. Mr. Kay seconded the motion. The Board voted to approve the minutes as follows: Ayes- Mr. Manso and Mr. Kay. Absent – Mr. Katwan, Mr. Sandberg and Mr. Apkarian.

At this point, the Board meeting took a break. Mr. Apkarian then arrived to participate as a Board member for the rest of the meeting. The Board meeting resumed at 7:26 pm.

Agenda item 4: Public Comments and Correspondence. Mr. Abelite described a recent inquiry with respect to the sale of a property known as 5307 Vicenza Way. A real estate agent representing the buyer on this property had some questions regarding a past slide issue. Mr. Abelite also reported that the Buyer had retained Rexford Upp to consult and interpret some geological information the Buyer had obtained.

There was no other Public Comment or Correspondence.



Agenda item 5: The Board was presented with the GHAD Managers report regarding Tax Roll District Assessments for the fiscal year 2012-2013. It was noted that last year the District resumed raising Tax Roll Assessments for the 2011-2012 year.

Mr. Manso made a motion to approve and adopt GHAD Resolution 2012-02 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.

Mr. Apkarian questioned at what point the GHAD reserves will be considered enough to handle potential events the GHAD may have to deal with and there was discussion on this point. Mr. Manso questioned the missing CPI figure in the highlighted cell and recommended this index point be updated. Mr. Manso also questioned the potential of bringing in the remaining few vacant lots into the Tax Rolls. Mr. Manso specifically questioned the possibility of including the lot on Country Club Parkway near Morningside Drive which is currently being improved with substantial landscaping. Mr. Manso amended his motion to include bringing in substantially improved lots into the District tax roll so long as the improvements do indeed qualify the property for inclusion in the Tax Roll.

After discussion, the Board concluded it was prudent to implement the maximum 5% increase on the Tax Rolls for fiscal year 2012-2013 because when geologic events do occur, they are costly and the reserves of the GHAD should continue to be built up over time. The amended motion passed unanimously.

The resulting Tax Roll Resolution shall reflect Tax Roll rates as follows:

- \$183.23 for each single family home.
- \$122.15 for each condominium.
- And a charge of .03660 cents per square foot for commercial properties.

Agenda item 6: Budget for 2012-2013. The Board was presented with the GHAD Managers report regarding the budget for fiscal year 2012-2013. Mr. Abelite also presented to the Board data regarding the previous 12 months of financial operations and the rationale for income and expense projections for fiscal year 2012-2013.

Mr. Manso made a motion to approve the budget as presented and the motion was seconded by Mr. Apkarian. Discussion followed. Mr. Abelite pointed out that in light of recent data, the record retention expense line 5850 should be increased to \$2,700 per year.

Mr. Abelite also brought up the idea that Directors should consider Directors receiving a stipend of some amount for their service to the GHAD. There was discussion that this is a reasonable idea for future Boards as stipends are not uncommon for this service. Mr. Abelite noted that some GHAD officers currently do receive stipends for the service on other Boards. Mr. Manso noted that the Silver Creek Valley Country Club's HOA Board does receive a meal for their service. The Board

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concluded that meals should be provided to the Board members and the General Manager at all GHAD meetings.

Mr. Manso amended his motion to approve and adopt the 2012-2013 GHAD budget changing expense item 5850 from \$2,200 to \$2,700 and changing expense item 5820 from \$300 to \$1,200 to provide for Board meals at each GHAD meeting.

Agenda item 7: Mr. Abelite presented a report as to the progress of the Emergency Operations Plan (EOP). The presentation included providing the Board with draft 2 of the plan as well as sample exhibits. Mr. Abelite reported that the plan was nearing completion as a result of clarifications and information provided to the GHAD by Counsel David Preiss. Mr. Preiss provided assistance to Mr. Abelite by writing the Resolution to adopt the plan, writing the legal rationale for the plan, did a quick review of the EOP and offered advice on the issue of entering private property during an emergency.

Mr. Abelite reported that San Jose Municipal Water Company was not going to issue their water system drawings because of Homeland Security concerns. Mr. Abelite speculated that this was going to be true of Pacific Gas and Electric Company as well. Mr. Abelite pointed out the need to get assistance to resolve the current boundaries of GHAD. The Board directed Mr. Abelite to work with MacKay and Somsps to work through this issue.

Directors questioned the new C2 Earth contract exhibit. Mr. Abelite explained that he had earlier received notification from Upp Geotechnology that the company was being acquired by core group of UPP employees. The new firm acquiring Upp Geotechnical Engineers will be known as C2 Earth. Mr. Abelite had requested a new contract be provided by C2 Earth for review by GHAD. The Board directed Mr. Abelite to have Mr. Preiss review the contract.

Mr. Abelite indicated remaining tasks to complete the EOP include finalizing various exhibits and to revise the plan one final time before issuing the plan to the San José Office of Emergency Services and the appropriate agency at the County level. Mr. Abelite invited comments from the Board on the plan and Mr. Manso provided his review comments.

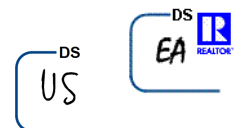
The EOP continues to be a work in progress.

Agenda item 8. Yearly Newsletter. The Board was presented with a draft of the proposed 2012 Newsletter. Mr. Manso provided some comments and edits. Mr. Abelite indicated that the Newsletter would be issued in time for the summer tax mail notices from the County of Santa Clara.

Subject to incorporating Mr. Manso's comments, the newsletter is ready to issue.

Agenda item 9. Election of new GHAD Officers. This item was deferred to the next meeting.

Agenda item 10. New Web site. Mr. Abelite presented the Board with the proposed new web site. The Board provided comments as follows: a) Straighten the photo showing the Silver Creek monument; b) The logo could stand another version; c) Complete the bio's for the remaining Board members.




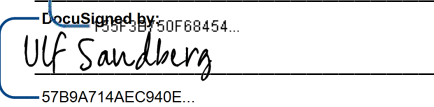
Agenda item 11. Manager's report.

Mr. Abelite and Mr. Manso reported on their May 9<sup>th</sup> field visit having to do with the cleaning of the drainage ditches by the HOA. Mr. Manso reported he is still working with the HOA as a HOA Board member to get the ditches cleared in time for the GHAD's yearly field inspections.

Mr. Abelite presented the routine financial reports to the Board and there were no questions or comments.

The meeting was adjourned at 8:35 pm.

Respectfully Submitted,

and  , Secretary of the Meeting 7/30/2012  
 , Clerk of the Board 7/30/2012