

Minutes of the September 20, 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 5767 Country Club Parkway, San Jose, California, on September 20th, and was called to order at 6:38 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), Ulf Sandberg, Bruce Apkarian and Stephen Kay. Richard Manso 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. From the public, Mark and Jennifer Hurley and Deborah Daly were present.

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: The minutes of the July 26th, 2012 meeting were then reviewed by the Board of Directors. Mr. Sandberg made a motion to approve the minutes. Mr. Apkarian seconded the motion. The Board voted to approve the minutes as follows: Voting yes: Messrs. Katwan, Sandberg and Apkarian. Abstained from voting – Mr. Kay. Absent – Mr. Manso.

Agenda item 3: The minutes of the August 9th, 2012 Special field meeting were then reviewed by the Board of Directors. Mr. Sandberg made a motion to approve the minutes. Mr. Apkarian seconded the motion. The Board voted to approve the minutes as follows: Voting yes: Messrs. Katwan, Sandberg and Apkarian. Abstained from voting – Mr. Kay. Absent – Mr. Manso.

Agenda item 4. 2011-2012 Final Audit. Mr. Abelite introduced the GHAD’s auditor, Ms. Deborah Daly, to the Board. Ms. Daly described some of her background and qualifications to the Board. Ms. Daly went on to present the draft 2011-2012 GHAD Audit to the Board. There was some discussion by Ms. Daly that the GHAD policy of allowing the Manager to sign small checks is one weakness she observed. No policies were changed. Mr. Kay made a motion to approve the 2011-2012 GHAD Audit. Mr. Sandberg seconded the motion. The Board voted to approve the Audit as follows: Voting yes: Messrs. Katwan, Sandberg, Kay and Apkarian. Absent – Mr. Manso.

Agenda item 5. Annual presentation by Morgan Stanley Smith Barney: Mr. Abelite introduced the GHAD’s investment advisors from Morgan Stanley Smith Barney. The investment advisors Alma Guimarin and Scott McCoy had arrived to the GHAD meeting sometime after the GHAD meeting started and thus were not noted hereinabove. The investment advisors began presenting the state of the GHAD’s investments with a provided handout.

After some time, Mr. Kay made a motion to temporarily halt this agenda item and to open Agenda item 6. Mr. Sandberg seconded the motion. After a brief discussion, the motion was voted upon and approved with all Directors present voting yes and Director Manso being absent.



Agenda item 6. Comments from Public and Correspondence: Mr. Abelite noted there were no public comments received. At this point the meeting was opened to the public in attendance. Mr. and Mrs. Hurley introduced themselves as the owners and landlords of 2303 Silver Breeze Court. They indicated they had come to the GHAD meeting to get an understanding of what the GHAD does and to make sure the GHAD is aware of their concerns regarding various cracks in their unit having to do with drywall, concrete walks and their fireplace. Mr. Abelite mentioned that the GHAD has indeed been made aware of the Hurley's concerns via the Home Owners Association. Mr. Abelite further updated the Hurley's and the Board that he had made two site visits and was coordinating a field meeting with the GHAD geologist some time soon. Mr. Abelite indicated to the Board that this item needed further follow up and that it would likely be placed in the GHAD Fall Inspection program as an item to watch. With that, the Hurley's seemed to be satisfied and thanked the Board and left the meeting.

Agenda item 5 was reopened. Investment advisors Ms. Guimarin and Mr. McCoy continued their presentation by discussing the various investment instrument types in the GHAD portfolio. They pointed out to the Board that the rate of returns the GHAD has enjoyed in the past are declining as various investments are maturing and replacement investments have lower rates of return. They further pointed out that the GHAD assets may soon suffer because asset values and their returns could soon be outpaced by inflation.

The investment advisors went on to have the Board consider other tactical options that could be used on the portfolio in an effort to lift yields. Options A & B were discussed for consideration. (Refer to section 4 of the handout).

The Board directed Mr. Abelite to investigate the GHAD's investment policy to see if changes could be made to the Portfolio. The Board thanked the investment advisors for their efforts and attendance.

Agenda item 7. Emergency Operations Plan: Mr. Abelite presented a draft version of the GHAD Emergency Operations Plan. Mr. Abelite reported that if there were no further changes needed in the opinion of the Board, the final version would be circulated for final review and would be in a position to be approved by the GHAD Board at the following GHAD meeting. The Board made no substantial comments on the plan and expressed their eagerness to adopt the plan at the following GHAD meeting.

Agenda item 8. Reserve Study: As a result of previous Board direction, Mr. Abelite presented to the Board his managers report on a GHAD Reserve Study. After the presentation, Mr. Apkarian made a motion to authorize Mr. Abelite to move forward with retaining the services Engeo to perform a Reserve Study. Mr. Sandberg seconded the motion and it was approved with all Directors present voting yes and Director Manso being absent.



Agenda item 9. Manager's report.

Mr. Abelite reported he worked on concluding the 2011-2012 Audit since the last meeting and the results were presented under Agenda item 4 of this meeting.

Mr. Abelite reported he worked on concluding the Emergency Operations Plan since the last meeting and the results were presented under Agenda item 7 of this meeting.

Mr. Abelite reported he worked on finding out about prospects for performing a Reserve Study since the last meeting and the results were presented under Agenda item 8 of this meeting.

Mr. Abelite reported that he completed his research in comparing the GHAD's approved Tax roll amounts to actual County Tax collector incomes received. Mr. Abelite reported that the two amounts matched exactly for all tax years dating back to 2006-2007.

Mr. Abelite reported on his research in regards to when parcels can be enrolled into the GHAD's Tax Roll program. The conclusion was that only those parcels that have pulled a building permit can be placed on the Tax rolls.

Mr. Abelite reported that MacKay and Soms completed their review and confirmation of GHAD District boundaries.

Mr. Abelite reported that the GHAD Newsletter was issue to the public.

Mr. Abelite reported that the routine August Air flight photos had been ordered and the results were expected shortly.

Mr. Abelite reported that the Fall Inspections were scheduled to begin October 11, 2012. Approximately 1/3 of all the inspection sites were to be inspected this year. In addition, Mr. Abelite reported that the HOA has been making good efforts to clean out ditches and to cut away vegetation, thereby allowing better inspections. Mr. Abelite also reported that selected streets were also going to be placed into the Fall Inspection program this year.

Mr. Abelite provided standard financial reports and a copy of the most recent bank statement to the Board.

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Field report.

Mr. Abelite reported that based on recent site visits, it appears that the Black Pool Court property has indeed completed their work in mitigating the onsite landslide repair. This item is now considered a closed item for the GHAD.

Mr. Abelite reported on activities related to Birkdale Way. Mr. Abelite reported MacKay and Soms had been hired to set up a survey program to monitor for potential movement of Birkdale Way. Mr. Abelite reported that the video camera work and tape related to the storm drain pipeline revealed no issues with these pipelines around Birkdale. Mr. Abelite reported on his inspection of the two drain inlets. The drain inlets are damaged badly enough to warrant repairs. Mr. Abelite reported that he issued an email to the Home Owners Association suggesting they do the repairs.

Mr. Abelite presented the C2 Earth letter addressing the idea of inclinometers being installed at Birkdale. Mr. Abelite brought up the idea of considering installing inclinometers at Silver breeze as well. After some discussion, the Mr. Apkarian made a motion to move forward with the installation and monitoring of the Birkdale inclinometers only. Mr. Sandberg seconded the motion. The motion was voted upon and approved with all Directors present voting yes and Director Manso being absent.

The Silver Breeze portion of the Field report was already discussed earlier in the meeting. Except that the Board directed Mr. Abelite to get a written recommendation from C2 Earth on the Silver Breeze matter.

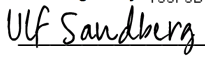
This was the end of the manager's report.

The meeting was adjourned at 9:01 pm.

Respectfully Submitted,

DocuSigned by:  Ed Abelite 

, Secretary of the Meeting 12/21/2012

and 
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, Clerk of the Board 12/26/2012