

**MINUTES OF A SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF THE
OTAY WATER DISTRICT
June 24, 2015**

1. The meeting was called to order by President Lopez at 1:39 p.m.

2. ROLL CALL

Directors Present: Lopez, Robak, Smith and Thompson

Directors Absent: Croucher (due to a work commitment)

Staff Present: General Manager Mark Watton, General Counsel Dan Shinoff, Asst. GM German Alvarez, Chief Financial Officer Joe Beachem, Accounting Manager Kevin Koeppen, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

A motion was made by Director Thompson, and seconded by Director Smith and carried with the following vote:

Ayes: Directors Lopez, Robak, Smith and Thompson
Noes: None
Abstain: None
Absent: Director Croucher

to approve the agenda.

5. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

No one wished to be heard.

6. DISCUSSION AND TOUR OF THE SALT CREEK GOLF COURSE

General Manager Watton indicated that the Board had received approximately two weeks ago, copies of the proposed changes to the golf course lease. He stated that today's meeting was requested by the District's board so they may see the Salt Creek Golf Course and check its condition. The meeting also provides the board an opportunity to meet Mssrs. Bill McWethy and Fred Grand

to discuss the opportunities the golf course provides and their plan for sustaining the golf course for the future.

Mr. McWethy introduced his partner, Mr. Fred Grand; the controller of his organization, Mr. Brian Harkins; and the General Manager of the Salt Creek Golf Course, Mr. Armando Nejera. He provided background information on his company, Pacific Hospitality Group, and indicated that they are involved in the golf, restaurant and hotel industries. He stated they also own the Warner Springs Ranch Resort where they built 600 homes. He stated that their organization is interested in continuing to manage the Salt Creek Golf Course and they have been developing plans and programs to bring demand to the golf course. They have an impressive teaching staff for kids programs that includes Mr. Phil Schmidt, Mr. Brian Gorman and the son of Mr. Billy Casper who has helped bring golfers and students to the golf course.

He explained that to bring more business to the Salt Creek Golf Course, the course would need upgrades which would allow for the increase in green fees. He indicated that his organization is meeting with environmental companies (same companies that the Otay WD utilizes) to work on the golf course upgrades. He stated that some improvements that are in the plans now are to move some "holes" to allow for a couple of roads to be built and to build a small lodge, health spa with pool and tennis courts, some condominiums and apartments, and a restaurant. The development would provide the demand for the utilization of the golf course and restaurant. Mr. McWethy indicated that this has been done before successfully and his firm would like to continue to partner with the Otay WD and bring these improvements to fruition.

In response to an inquiry from the board, Mr. McWethy indicated that everything in the golf industry is word of mouth. He stated that the District's first operator left the golf course in poor condition and his organization has done a lot of work to fix structures and maintain the course. They currently have 130 in the men's club and have a marketing plan to attract some of the 70,000 San Diego residents who have interest in golf. They also are seeking tournaments, with a goal of having one (1) to two (2) a week at the golf course and his organization is seeking expert advice on modifications that they can make to make the golf course successful. He stated that he believes in the golf course and wants to run the business in the community.

Mr. McWethy also shared that they have been working with the City on the proposed modifications and the City indicated that they would support the changes. He suggested, if it is possible, that the District keep Ricky's pond full all year for the wetlands, as well as, the other pond below from Ricky's pond so it may be utilized as an educational facility on ecology for the children's programs. General Manager Watton indicated that the District would look into Mr. McWethy's suggestions.

It was discussed that Mr. McWethy's firm would provide a map showing the proposed modifications to the Salt Creek Golf Course and present it to the board for its review and comments at another board meeting.

Mr. McWethy then took the members of the board and the District's staff on a tour of the golf course at 2:21 p.m. The group drove around the golf course and viewed the greens and facilities. During the tour Mr. McWethy indicated that his organization is proposing switching the second and eighteenth holes so golfers could end their game closer to the clubhouse. They also have added a practice facility behind the clubhouse and a putting green close by the practice facility. The golf course also has a 5000 square foot facility for storage.

The board thanked Mr. McWethy and his staff for the tour and indicated they looked forward to seeing their plans for the proposed modifications to the golf course.

7. ADJOURNMENT

With no further business to come before the Board, President Lopez adjourned the meeting at 3:00 p.m.

President

ATTEST:

District Secretary