

MINUTES

BOARD OF DIRECTORS MEETING OF THE SAN DIEGO & ARIZONA EASTERN RAILWAY COMPANY

July 13, 2021

A meeting of the Board of Directors of the San Diego & Arizona Eastern (SD&AE) Railway Company, a Nevada corporation, was held at 1255 Imperial Avenue, Suite 1000, San Diego, California 92101, on July 13, 2021, at 9:00 a.m. via Zoom and in person.

The following persons, constituting the Board of Directors, were present: Wayne Terry, Matt Domen, and Jared Gooch. Also in attendance were members from:

San Diego Metropolitan Transit System:	Tim Allison, Erin Dunn, Karen Landers
Pacific Southwest Railway Museum:	Diana Hyatt
Other:	Reena Deutsch, Jim Lundquist, Tim Garrett

1. Approval of Minutes

Mr. Domen moved to approve the Minutes of the February 25, 2021, SD&AE Railway Board of Directors meeting. Mr. Gooch seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Ms. Dunn reviewed Statement of Railway Finances (attached to the agenda item).

Action Taken

Informational item only. No action taken.

3. Report on San Diego & Imperial Valley Railroad (SD&IV) Operations

Mr. Domen reviewed the SD&IV Periodic Report for activities for the second quarter of 2021 (attached to the agenda item).

Action Taken

Informational item only. No action taken.

4. Report on Pacific Southwest Railway Museum Operations

Ms. Hyatt reviewed the Pacific Southwest Railway Museum (PSRM) report for the first and second quarters of 2021, which includes January through June 2021 (attached to the agenda item). Ms. Hyatt added that PSRM rebuilt the east end abutment of the bridge at Division (this information was not included in the report).

Action Taken

Informational item only. No action taken.

5. Report on the Desert Line

Ms. Landers reported that about 18 months of negotiations were unsuccessful in coming to a mutual agreement to cure Baja California Railroad's (BJRR's) default under the Desert Line Lease. BJRR had been in default since the January 2020 missed payment (before the pandemic started) and has continued to be in default to this day.

On June 21, 2021, MTS formally terminated a mediation process that it had been in with BJRR, and MTS reaffirmed its earlier termination of the lease.

Ms. Landers explained that BJRR is objecting to the termination, so MTS is still in limbo as to how to validate that action so that MTS can move forward completely. MTS is working on how to unwind the agreement. She added that MTS will be going out on the Desert Line to document its current condition and then meet with SANDAG, Caltrans, and other stakeholders to review options to move the Desert Line project forward outside of the agreement that MTS had with BJRR.

Action Taken

Informational item only. No action taken.

6. Real Property Matters

Summary of SD&AE Documents Issued Since February 25, 2021

Since the February 25, 2021, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-21-752: Purchase and Sale Agreement with SLF – Moss Street, LLC, to quitclaim a spur easement at Moss Street in the City of Chula Vista.
- S200-21-754: Easement quitclaim at Moss Street in the City of Chula Vista.
- S200-21-755: Right of Entry Permit to EDM International, Inc. for anchor inspections on behalf of SDG&E at various locations.
- S200-21-756: Right of Entry Permit to Group Delta Consultants to perform soil sampling along the Coronado Branch for the Bayshore Bikeway Segment 5 Project in the City of National City.
- S200-21-757: Right of Entry Permit to VCI Construction to construct underground fiber conduits along Commercial Street at 25th Street in the City of San Diego.
- S200-21-758: Right of Entry Permit to Southwest Pipeline & Trenchless Corp. to rehabilitate existing underground sewer pipelines and manholes at 54th Street in the City of San Diego.
- S200-21-759: Right of Entry Permit to Kimley-Horn and Associates, Inc. to perform visual inspections at 8th Street in the City of National City.

- S200-21-760: Right of Entry Permit to AirX Utility Surveyors, Inc. to perform potholing to locate utilities at 30th Street in the City of San Diego.
- S200-21-762: Right of Entry Permit to Southern California Railway Museum to remove a decommissioned traction power substation at F Street in the City of San Diego.
- S200-21-764: Right of Entry Permit to Casa Familiar, Inc. for a 5k walk event at Smythe Crossing in the City of San Diego.

Action Taken

Informational item only. No action taken.

7. Election to Fill Board Member Position

Mr. Terry acknowledged Mr. Gooch's contributions on the SD&AE Board over the past few years. Mr. Gooch thanked the Board and added that he has moved to South Dakota.

Ms. Landers clarified that under the agreement with Genesee and Wyoming (GW), GW selects two SD&AE Board members and MTS selects one SD&AE Board member. Today's action would forward a recommendation to the MTS Board of Directors at its next meeting to elect David Franklin, Jr. to replace Mr. Gooch.

Mr. Domen moved to forward a recommendation to the MTS Board of Directors to elect David Franklin Jr. with Genesee and Wyoming as an SD&AE Board member to replace Jared Gooch. Mr. Gooch seconded the motion, and it was unanimously approved.

8. Board Member Communications

Mr. Terry stated he will follow-up today for Mr. Domen as to when use of the double-track can begin by getting in contact with engineering because they were going to have a consultant look at the area with the slope issues in El Cajon.

Mr. Gooch thanked members for his time on the Board and for everyone's professionalism. Mr. Terry responded that it has been good working with Mr. Gooch, and Ms. Landers thanked him for his cooperation with the meeting schedules.

9. Public Comments

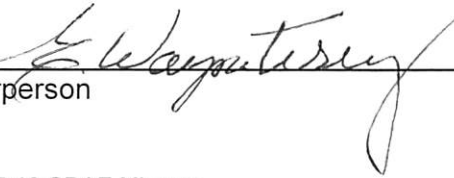
There were no public comments.

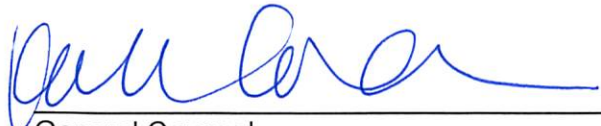
10. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on Tuesday, October 5, 2021.

11. Adjournment

The meeting was adjourned at 9:11 a.m.


Chairperson


General Counsel

2021-7-13 SDAE Minutes