

MINUTES

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

October 13, 2015

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 October 13, 2015, at 9:00 a.m.

The following persons, constituting the Board of Directors, were present: Blake Jones, Matt Domen, and Paul Jablonski. Also in attendance were members from:

San Diego Metropolitan Transit System:	Tim Allison, Karen Landers, Wayne Terry, Erin Dunn, Traci Wutke
Pacific Southwest Railway Museum:	Diana Hyatt
Trains Magazine:	Don Jones

1. Approval of Minutes

Mr. Jones moved to approve the Minutes of the July 14, 2015, SD&AE Railway Board of Directors meeting. Mr. Domen seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Erin Dunn reviewed the financial statement for the first quarter of 2016 (attached to the agenda item).

Mr. Jablonski inquired about the uncollectable Port of San Diego invoices totaling \$14,000 that were written off in FY 2014. Ms. Dunn explained that the Port of San Diego refused to pay the invoice regarding fiber-optics. Ms. Landers and Mr. Allison added that this is being reviewed, and the charges are good and fair. Currently, the Port of San Diego is asking for more crossings. Mr. Jablonski and Ms. Landers agreed that with unpaid invoices, these projects are not likely to move forward.

Action Taken

Mr. Jones moved to receive the report for information. Mr. Domen seconded the motion, and it was unanimously approved.

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

Mr. Domen reviewed the report of activities for the third quarter of 2015 (attached to the agenda item).

Mr. Jablonski asked if the cattle feed commodity was relatively new or if SD&IV has always been involved. Mr. Domen said that they have always been involved in cattle feed, but it was contingent on the price as to whether it was purchased in Mexico or in the United States.

Action Taken

Mr. Jablonski moved to receive the report for information. Mr. Jones seconded the motion, and it was unanimously approved.

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the third quarter of 2015 report (attached to the agenda item). Ms. Hyatt reported that the west portal of tunnel four is deteriorating. Ms. Hyatt recognizes that this is not the responsibility of the SD&AE Board; however, she would like to bring this to the Board's attention. Ms. Landers commented that this issue is something that will have to be rectified before too long as it poses a safety threat to traffic using that line. Ms. Landers mentioned that Dan Davis is aware of this need and will be including it in his report.

Action Taken

Mr. Jablonski moved to receive the report for information. Mr. Jones seconded the motion, and it was unanimously approved.

5. Report on the Desert Line

There were no representatives from Pacific Imperial Railroad to give an oral report. The Board acknowledged the written report submitted by PIR. Karen Landers gave a brief review of the contents of the PIR report.

Ms. Landers commented that she will join PIR representatives who will be attending a U.S. State Department working group (US/Mexico Bi-national Bridges and Border Crossings Group) on October 28, 2015. The working group asked for a report on the Desert Line project at that time.

Action Taken

Mr. Jablonski moved to receive the report for information. Mr. Domen seconded the motion, and it was unanimously approved.

6. Real Property Matters

6a. Since the July 14, 2015, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-15-625: Right of Entry Permit to Hulcher Services, Inc., for moving GATX cars on the Desert Line.
- S200-16-626: Right of Entry Permit to the San Diego County Bicycle Coalition for the annual Bike the Bay bike ride.

Mr. Jablonski noted that the Salt Works easement has expired and needs to be renewed. Mr. Allison said that MTS would be entering into new agreements in the near future.

6b. Tim Allison gave a report regarding the drainage easement to the City of La Mesa for a portion of Alvarado Creek.

Action Taken

Mr. Jablonski moved to receive the report for information. Mr. Domen seconded the motion, and it was unanimously approved.

7. Approval of the 2016 SD&AE Board of Directors Meeting Schedule

Karen Landers explained that SD&AE holds quarterly meetings in January, April, July, and October and asked members to review the proposed dates for the 2016 meeting schedule. All Board members were in agreement of the proposed dates as listed:

Tuesday, January 19, 2016	9:00 a.m.	(Fourth Quarter 2015 Reports)
Tuesday, April 12, 2016	9:00 a.m.	(First Quarter 2016 Reports)
Tuesday, July 19, 2016	9:00 a.m.	(Second Quarter 2016 Reports)
Tuesday, October 11, 2016	9:00 a.m.	(Third Quarter 2016 Reports)

Action Taken

Mr. Jones moved to receive the report for information. Mr. Domen seconded the motion, and it was unanimously approved.

8. Board Member Communications

None.

9. Public Comments

None.

10. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors will be on January 19, 2016.

11. Adjournment

The meeting was adjourned at 9:24 a.m.


President


General Counsel