

# MINUTES

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

October 19, 2010

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 19, 2010, at 9:00 a.m.

The following persons, constituting the Board of Directors, were present: Don Seil, Bob Jones, and Wayne Terry (for Paul Jablonski). Also in attendance were:

Metropolitan Transit System:	Tiffany Lorenzen, Linda Musengo, Tim Allison
San Diego & Imperial Valley Railroad:	Matt Domen
Pacific Southwest Railway Museum:	Diana Hyatt
Carrizo Gorge Railway, Inc.:	Armando Freire, Chas McHaffie, Scott Tallman, Gary Sweetwood, Christina Finrow, Randall Paulson
Burlington Northern Santa Fe:	John Hoegemeier
International Border Rail Institute:	Richard Borstadt
California Public Utilities Commission:	Jay Ellis

### 1. Approval of Minutes

Mr. Terry moved to approve the Minutes of the July 20, 2010, SD&AE Railway Board of Directors meeting. Mr. Jones seconded the motion, and it was unanimously approved.

### 2. Statement of Railway Finances

Linda Musengo reviewed the financial statement for the third quarter of 2010 (attached to the agenda item). Ms. Musengo noted a correction to the date on the table on page 2-2 (of the agenda item) as shown below.

<b>Reserve balance 2010 - provisional</b>	<b>\$ 863,561</b>
Allocated interest earnings - estimated	417
Operating profit (loss)	5,751
Improvement expense 2011	-
<b>Reserve balance <del>2010</del> - estimated</b>	<b>\$ 869,729</b>

2011

### Action Taken

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

3. Report on SD&IV Operations

Matt Domen reviewed the report of activities for the third quarter of 2010 (attached to the agenda item).

Action Taken

Mr. Terry 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 2010 report (attached to the agenda item).

Action Taken

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

5. Report on the Desert Line

Armando Freire reviewed the third quarter of 2010 report (attached to the agenda item).

Action Taken

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

6. Real Property Mattersa. Summary of SD&AE Documents Issued Since July 20, 2010

Since the July 20, 2010, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-10-450: Right of Entry Permit to PAR Electric for aerial electric rehabilitation at Sampson Street in the City of San Diego.
- S200-10-458: Right of Entry Permit to Burtech Pipeline for sewer construction at 21<sup>st</sup> Street in the City of San Diego.
- S200-11-460: Right of Entry Permit to Walter H. Barber and Sons, Inc. for track reconstruction in Campo.

Action Taken

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

b. License Agreement with Tessera Solar

Tim Allison referred to the diagram on page 6b-1 (attached to the agenda item) of the existing access road west of Plaster City and south of S80 (Evan Hewes Highway). He explained that the railroad has an existing dirt crossing; however, it is not authorized as a road (there are no licenses and no crossing numbers associated). Tessera Solar would like to use the crossing for temporary construction access and as secondary emergency access in the future. Mr. Allison added that granting the license would benefit the railroad as it would make the licensee responsible and liable for the road.

Mr. Terry moved to approve issuing a license to Tessera Solar to use an existing at-grade crossing as a temporary construction access road and ultimately as a secondary emergency access road. The crossing crosses over SD&AE tracks located west of Plaster City and south of S80 (Evan Hewes Highway) at approximately milepost 128.0 on the Desert Line. Mr. Jones seconded the motion, and it was unanimously approved.

7. Approval of the 2011 SD&AE Board of Directors Meeting Schedule

Mr. Terry moved to approve the 2011 SD&AE Board of Directors meeting schedule as follows:

- Tuesday, January 18, 2011 9:00 a.m. (Fourth Quarter 2010 Reports)
- Tuesday, April 19, 2011 9:00 a.m. (First Quarter 2011 Reports)
- Tuesday, July 19, 2011 9:00 a.m. (Second Quarter 2011 Reports)
- Tuesday, October 18, 2011 9:00 a.m. (Third Quarter 2011 Reports)

Mr. Jones seconded the motion, and it was unanimously approved.

8. Old Business

There was no old business.

9. New Business

There was no new business.

10. Public Comments

*Scott Tallman* – Mr. Tallman introduced himself as Carrizo Gorge Railway's newly elected president. He stated that Carrizo is currently going through a change in its corporate structure. Mr. Tallman introduced new Carrizo Gorge members: Corporate Counsel Randall Paulson, shareholder representative Gary Sweetwood, and Christina Finrow, Director. He concluded by offering to answer any questions.

In response to Mr. Tallman's statement, Ms. Lorenzen informed the Board that she has advised Mitch Beauchamp and his group that until there is an official court order, a change in Carrizo's management will not be recognized. She added that until such time, Mr. McHaffie and Mr. Freire will continue to report to the SD&AE Railway Company Board and to MTS.

Mr. Tallman added that Mr. McHaffie has resigned from the corporation.

11. Next Meeting

The next meeting of the SD&AE Railway Company Board of Directors is on January 18, 2011, at 9:00 a.m.

12. Adjournment

The meeting was adjourned at 9:16 a.m.

  
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President  
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Of Counsel

JGardetto/  
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