

# MINUTES

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

July 20, 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 July 20, 2010, at 9:00 a.m.

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

MTS staff:

SD&IV staff:

Pacific Southwest Railway Museum:

Carrizo Gorge Railway, Inc. (Carrizo):

Bureau Veritas:

California Public Utilities Commission:

Tierra Madre Railway:

City of Lemon Grove:

Taxicab Leased Driver Representative:

Tiffany Lorenzen, Tim Allison,

Linda Musengo, Wayne Terry

Matt Domen

Diana Hyatt

Armando Freire

Phil Kern

Jay Ellis

R. Mitchel Beauchamp

Barbara Kraber, Patrick Hansen-Lund

Margo Tanguay

### 1. Approval of Minutes

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

### 2. Statement of Railway Finances

Linda Musengo submitted the financial statement for the quarter ended June 30, 2010 (attached to the agenda item). Ms. Musengo clarified for Mr. Jablonski that the reserve is projected to increase over the next year.

#### Action Taken

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

### 3. Report on SD&IV Operations

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

#### 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 presented the second quarter report for 2010 (attached to the agenda item).

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

Armando Freire reviewed the report for the second quarter (attached to the agenda item), and noted a few corrections as follows:

1. On page 5-3 under "Accomplishment during Second Quarter 2010," the first bullet point that reads "Bridge rehabilitation" should be deleted;
2. On page 5-4 under "I. Labor," the sentence should be corrected to read "... Carrizo Gorge has 45 10 employees to cover overall administration of the road and operations in the U.S. on the Desert Line"; and
3. On page 5-8, Mr. Freire clarified that there is no activity on the Desert Line from milepost 59 through milepost 70.

In response to Mr. Jablonski's inquiry regarding weed abatement due to fire concerns, Mr. Freire stated that Carrizo has not performed any weed abatement in the last month and a half because it does not have the resources. Mr. Freire also clarified that Carrizo received a letter from the California Department of Forestry and Fire Protection (CDF) affirming that Carrizo must perform weed abatement to stay in compliance, but there currently is no restriction to operate by CDF. Diana Hyatt informed members that the Museum is conducting weed abatement.

- Public Speaker

*Mitchel R. Beauchamp* – Mr. Beauchamp stated that he was asked by Gary Sweetwood, Carrizo stockholder and owner of East County Dirt Works, to make some comments. Mr. Beauchamp announced that East County Dirt Works was recently awarded a significant judgment against Carrizo by the Superior Court, and Mr. Sweetwood reviewed Carrizo's records on July 9. Mr. Beauchamp submitted a copy of a letter from Charles McHaffie (attached). He added that there may be changes in Carrizo's corporate structure, and that Mr. Sweetwood and other investors are working on getting freight customers for the Desert Line.

Mr. Beauchamp stated that he met with Jorge Monraz of ADMICARGA, and he feels that there is cross-border confusion regarding the opening of Tunnel 3 (closed due to fire) on the Desert Line, which could affect the ability to keep the freight monopoly in San Diego for BNSF. He added that there are a lot of issues to get the Desert Line back in shape, and they are trying to make that happen.

Action Taken

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

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

- S200-10-444: Right of Entry Permit to URS Corporation to perform environmental studies at the San Ysidro Border.
- S200-10-445: Right of Entry Permit to the United States Navy for the 24<sup>th</sup> Annual Bay Bridge Run/Walk.
- S200-10-446: Right of Entry Permit to Ortiz Corporation to reconstruct water facilities at 19<sup>th</sup> and Commercial Streets in the City of San Diego.
- S200-10-447: Right of Entry Permit to the City of La Mesa for the Flag Day Parade.
- S200-10-448: Right of Entry Permit to Cascade Drilling L.P. to perform soil borings at the San Ysidro Border.
- S200-10-449: Right of Entry Permit to Bike the Bay for its annual bike race.
- S200-10-453: Right of Entry Permit to California Boring Inc. for underground electric facility installation at 22<sup>nd</sup> and Commercial Street in the City of San Diego.
- S200-10-454: Right of Entry Permit to California Auger Boring, Inc. for directional boring operations at 22<sup>nd</sup> and Commercial Street in the City of San Diego.
- S200-10-456: Right of Entry Permit to Southland Electric for overhead electric facility installation at G Street in Chula Vista on the south line segment.

Action Taken

Mr. Jablonski 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 explained that at its last meeting, the Board approved a license to Tessera Solar for an at-grade crossing for the proposed power plant project. Tessera Solar needs an additional license agreement for an aerial electric line and an aerial communications line. Mr. Allison clarified that the license would generate \$1,500 per crossing per year and that he sees no issues with granting this license.

Action Taken

Mr. Jones moved to approve issuing a license to Tessera Solar for a proposed aerial crossing over SD&AE tracks located west of Plaster City and south of S80 (Evan Hewes Highway) at County Road 2003. Mr. Jablonski seconded the motion, and it was unanimously approved.

c. The City of Lemon Grove North Avenue Realignment Project

Tim Allison reviewed the City of Lemon Grove's request for support of its General Order 88b application and approval of various utility crossings.

Mr. Allison summarized the City of Lemon Grove's North Avenue Realignment Project. He introduced Barbara Kraber and Patrick Hansen-Lund of the City of Lemon Grove and Phil Kern of Bureau Veritas. He stated that the City of Lemon Grove is working in conjunction with MTS, SANDAG, Bureau Veritas, Caltrans, and the CPUC to address the following project concepts and issues:

- Realigning several streets
- Reconfiguring the existing crossing
- Reconstructing the crossing and its affiliated signaling and crossing equipment
- Replacing several utilities

Mr. Allison confirmed for Mr. Jones and Mr. Seil that the new crossing would be safer and added that the CPUC supports the project. Wayne Terry interjected that the new crossing would straighten out the line of sight for trains, pedestrians, and automobiles.

Mr. Hansen-Lund informed members that groundbreaking on construction of the project is anticipated in early 2011. Mr. Terry added that the project would be a big improvement, and no freight problems are anticipated. Mr. Hansen-Lund clarified that all intersections would have traffic signals, and a reduction in traffic is anticipated because of the realignment.

Action Taken

Mr. Jablonski moved to: (1) receive a report; (2) authorize the support of Lemon Grove's General Order 88b application; and (3) approve the various utility crossings. Mr. Jones seconded the motion, and it was unanimously approved.

d. The City of Lemon Grove Main Street Promenade Project

Mr. Allison gave an update on the City of Lemon Grove Main Street Promenade Project. He reported that the City of Lemon Grove is going to vacate Main Street to auto traffic, and only pedestrians will be allowed. In addition, pedestrian movement on Broadway is also being reconfigured. Community art and landscaping elements will be incorporated, and engineering drawings are moving forward for construction, which has an anticipated spring 2011 start date. Mr. Allison reminded members that the SD&AE Board and MTS Board have previously seen and supported this project. He confirmed that the project fosters transit-oriented development goals and a good working relationship amongst the parties involved.

Barbara Kraber, Management Analyst with the City of Lemon Grove, distributed a design concepts rendering (attached). She thanked the Board for its support of the City of Lemon Grove's Smart Growth application (almost \$2 million was awarded). Ms. Kraber explained that the plans are at about 30% currently, and the concept edits are going to the City Council on August 3. Ms. Kraber invited everyone to the City of Lemon Grove City Hall from 9:00 a.m. to noon on Saturday to attend a project premier that will include display boards and a movie presentation that will fly through the project in 3D.

Ms. Kraber discussed project details, including affordable housing components, Americans with Disabilities Act (ADA) accessibility, themes throughout the project, windmills that will generate electricity and water reclamation, and public art. She added that the City of Lemon Grove is almost finished with the acquisition component of the project and anticipates going out to bid in March or April 2011.

Ms. Kraber clarified for Mr. Jablonski that the pedestrian crossing will eventually be refigured to limit access to the lemon trees.

Mr. Allison informed members that Eric Adams, SANDAG engineer, is dealing with some issues with ADA platform accessibility.

Mr. Allison clarified for Mr. Jones and Mr. Seil that there would be pedestrian barriers for safety purposes. Ms. Kraber added that a play area with seating is designed to pull families off of the platform while waiting for the trolley.

Discussion ensued regarding fencing, utilities, and corridor accessibility plans for the project. Mr. Jablonski reminded project participants to make sure they incorporate all proposed amenities now. He added that we don't want to have one station hold up the new low-floor trolley cars that will run on the line.

#### Action Taken

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

#### 7. Old Business

There was no old business.

#### 8. New Business

There was no new business.

#### 9. Public Comments

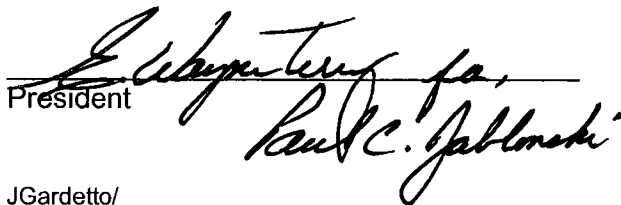
There were no additional public comments.

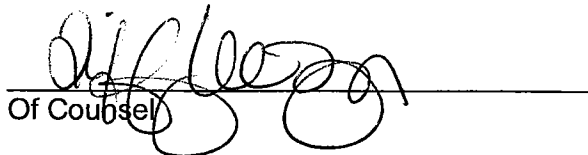
#### 10. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on October 19, 2010, at 9:00 a.m. in the Executive Committee Conference Room.

11. Adjournment

The meeting was adjourned at 9:46 a.m.

  
President

  
Of Counsel

JGardetto/  
7-20-10.SDAE MINUTES.doc

Attachments: Letter from Charles McHaffie  
Rendering of the City of Lemon Grove's Main Street Promenade Project

Carrizo Gorge Railway Inc.

375 Custom House Plaza

San Diego CA. 92154

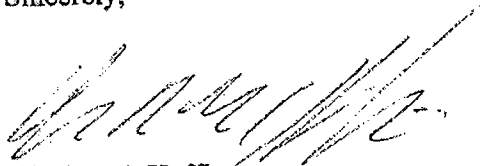
April 28th, 2010

To the Board of Directors:

I, hereby, tender my resignation as President of Carrizo Gorge Railway Inc., effective immediately.

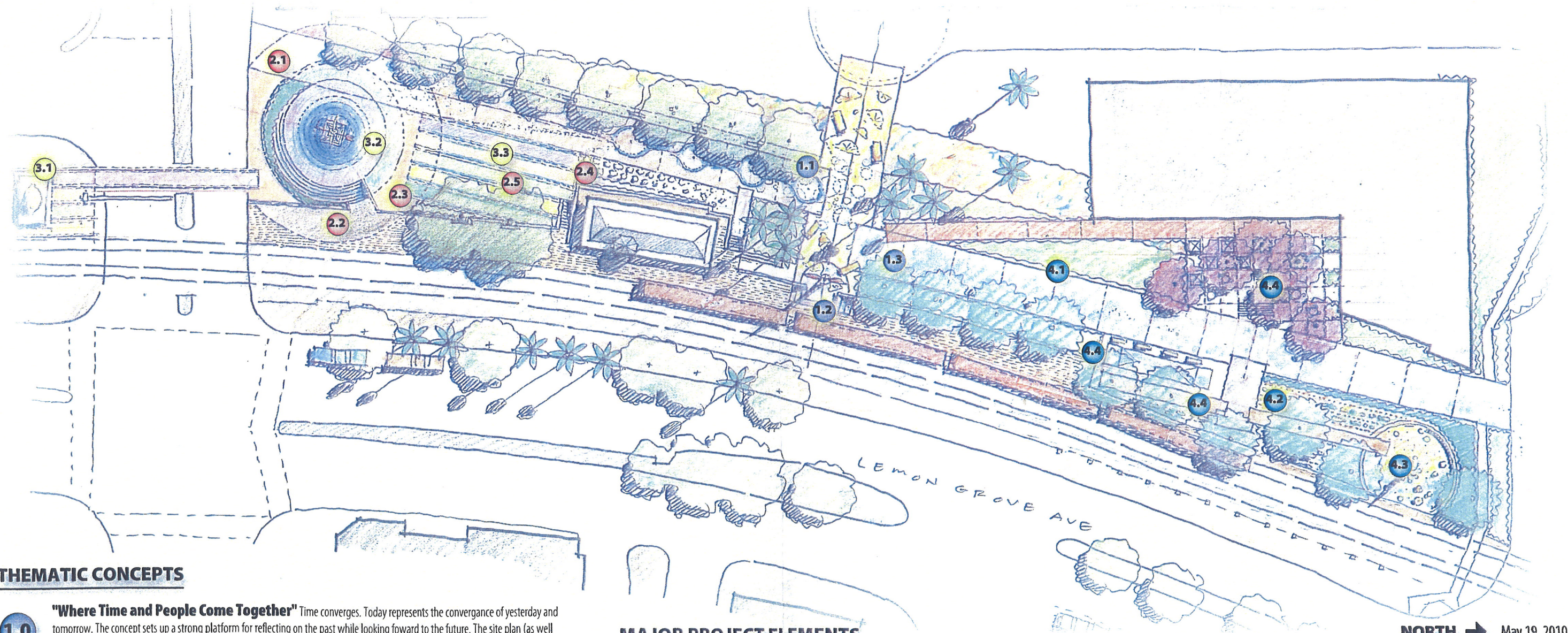
It is with sincere regret that I find it necessary to take this action, which in my opinion, will provide CZRY with a possible restructuring plan to continue and ultimately succeed in achieving all of the accomplishments we have invisioned.

Sincerely,



Charles McHaffie,





## THEMATIC CONCEPTS

- 1.0 "Where Time and People Come Together"** Time converges. Today represents the convergence of yesterday and tomorrow. The concept sets up a strong platform for reflecting on the past while looking forward to the future. The site plan (as well as time) converge at the center of the site, which is where people should be pulled into. Time is a snapshot, and the art elements and topics all literally reflect on time (transit time, current events, current city leaders, etc.).
- 2.0 "History Walk"** Lemon Grove has a rich history not commonly shown to the visiting public and not known by many of its citizens. A story needs to be told, from the Kumeyaay to present day citizens and community leaders. The historic walk will feature a timeline bar in the pavement with important dates, events, and people. The railing will be outfitted with interpretive panels to explain the "Transportation", Agricultural Roots, and Community Development" history of the area.
- 3.0 "Agricultural Roots"** Lemon Grove started as a community with its own center at this site. Agriculture is not only the basis of the city's name, but also represents the roots of the physical and social community that evolved under the "Best Climate on Earth". The display of agriculture is the center of the public use plaza, but its not all hard work, in fact it's meant to focus on play instead. The Lemon has provided an icon for the community for many years. Now it is time to carry this concept across the street. The plan embraces the whimsy of the lemon and carries it across the street and celebrates it in a fun way.
- 4.0 "Conservation-A Way of Life"** An underlying message of the plan is how the community began with the addition of water for agriculture and the need to be frugal with limited water and energy resources in order to survive. Three iconic towers will exist that represent each time period. A panel will exist on each of the three wind structures: one for yesterday and the very pioneer conservatism that was essential, one for today and the need for managing our resources better, and one for the future, with actual examples of community gardens, water conservation, and energy production through PV, wind, stormwater runoff, smart growth and the use of alternative modes of transportation. The last panel will also explain how we have come full circle with our pioneer pasts.

## MAJOR PROJECT ELEMENTS

- 1.1** Yesterday, will have a historic walk and interpretive panels that focus on community roots. Historic street furnishings and lighting will be used to emphasize this period.
- 1.2** Today, with reflective panels to see yourself, current events, civic leaders, transit schedule, & wi-fi, all emphasize now. Contemporary street furnishings will be used.
- 1.3** Tomorrow, will include citizen of the year sandblasted in the walk and a panel that discusses the importance of sustainable practices. Futuristic furnishings will be used to emphasize this period.
- 2.1** The history walk includes a band of color that represents water flow (from rainfall/stream/irrigated row crops/orchard irrigation to ponds) with chronological ordered historic dates & events.
- 2.2** Transportation history panels (metal panel with 3m imagery, mounted on existing fence) will showcase various historic modes of travel. Raised letters on the wall will start the chronology.
- 2.3** Agricultural history panels will be mounted on the west facing side of the wall and will showcase the importance of agriculture to the history of Lemon Grove.
- 2.4** Community buildings and development of the city will be the third panel set. It will showcase historic structures of Lemon Grove, including the replica train station.
- 2.5** The agricultural showcase area will have elements of history including fruit crates and labels, ceramic vegetable bins, tractor seats, the historical balancing cows and agricultural equipment.
- 3.1** The base around the existing lemon will be improved with a row crop pattern with colored rock, decomposed granite, concrete stained patterns. A new cross walk and median refuge will also be added.
- 3.2** The historic windmill will not only generate power, but will move the auger or other device in circles. A light mist sprinkler system will be tripped by a sensor which will also trip lights at night. A droplet fountain is also possible.
- 3.3** The playground area will have a rubberized multi-colored safety surface. The pattern will be similar to row crops & will include blue streams representing crop watering. A tractor slide, see-saw, balancing platform and climbing crates will all be included in this agricultural fun zone. Vines planted on the wall will help to denote agriculture.
- 4.1** The futuristic light posts will generate solar power through mounted PV panels.
- 4.2** A community garden will be run by the Senior Center. Benched racks will also be attached to the existing wall to serve as a fence that limits public cross access from the tracks and to grow crops upon and store supplies.
- 4.3** A futuristic wind generator will be enhanced with art and educational panels will explain water conservation, fuel efficiency, locally grown foods, alternative transportation, solar generation, smart growth, stormwater runoff, limited fertilizers and pesticide use, and native plant material use. A sign will explain how society has come full circle when compared to the original pioneers, with modern pioneers returning to sustainable approaches.
- 4.4** Activity will be encouraged with boche ball, horse shoes, checker table tops, gardening, use of the amphitheater for events or just watching others and talking with friends. This is a more sustainable social approach to quality living.

NORTH → May 19, 2010