

# MINUTES

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

July 19, 2011

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 19, 2011, at 9:05 a.m.

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

MTS staff:

Tim Allison, Karen Landers, Linda Musengo,  
and Wayne Terry

SD&IV staff:

Randy Perry, Matt Domen

Pacific Southwest Railway Museum:

Diana Hyatt

Carrizo Gorge Railway, Inc. (Carrizo):

Chas McHaffie, Sheila LeMire

RailAmerica:

Marc Bader

International Border Rail Institute:

Richard Borstadt

### 1. Approval of Minutes

Mr. Jablonski moved to approve the Minutes of the April 19, 2011, SD&AE Railway Board of Directors meeting. Mr. Jones seconded the motion, and it was unanimously approved.

### 2. Statement of Railway Finances

Linda Musengo presented the financial statement for the second quarter of 2011 (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.

### 3. Report on SD&IV Operations

Matt Domen presented the report of activities for the second quarter of 2011 (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 of 2011 report (attached to the agenda item). She clarified for Mr. Jablonski that the weed abatement is going well.

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

1. Second Quarter Report

Sheila LeMire presented the second quarter report for 2011 (attached to the agenda item).

2. Status of Jacumba Yard Hazardous Waste Cleanup

Chas McHaffie gave an update on the Jacumba yard hazardous waste cleanup efforts. Mr. McHaffie informed the Board that the cleanup is 90% complete, and the Department of Environmental Health (DEH) will conduct a reinspection. Mr. McHaffie added that he feels that Carrizo is in compliance, and he will submit copies of all final DEH orders and/or reports once they are completed.

3. Federal Railroad Administration (FRA) Bridge Inspection Program

Mr. McHaffie stated that this item is not applicable at this time.

Action Taken

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

6. Real Property Matters

a. Summary of SD&AE Documents Issued Since April 19, 2011

Tim Allison stated that since the April 19, 2011, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-11-472: Right of Entry Permit to W. C. Communications, Inc. to install aerial fiber optics at Palm Avenue in El Cajon.
- S200-11-485: Right of Entry Permit to the City of La Mesa for the Flag Day Parade.
- S200-11-487: Right of Entry Permit to Kimley-Horn and Associates, Inc. for field investigations along the South Line.

- S200-11-489: Right of Entry Permit to Terra Pacific Consultants for soils investigation at Hill Street in El Cajon.
- S200-11-491: Right of Entry Permit to Johnson-Frank and Associates, Inc. to perform surveying at the San Ysidro Border.
- S200-11-492: Right of Entry Permit to California Conservation Corps to perform clearing and grubbing along the Coronado Branch for the Bayshore Bikeway Project in Chula Vista.
- S200-11-493: Right of Entry Permit to the Sweetwater Authority to install a water valve at J Street in Chula Vista.
- S200-11-494: Right of Entry Permit to TY Lin International, Inc. to perform field investigations for the South Line Freight Improvement Project.

Mr. Allison clarified that there were no issues with any of the permits listed above—they include standard insurance and indemnity coverage for SD&AE- and MTS-held properties.

#### Action Taken

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

#### 7. Election to Fill Vacant Position of SD&AE Chair

Mr. Jones introduced Randy Perry, General Manager of the San Joaquin Valley Railroad (a RailAmerica company). Mr. Jones is nominating Mr. Perry as the SD&AE Chairperson to replace the position vacated by Don Sell. Mr. Jones stated that Mr. Perry oversees three railroads, which include San Joaquin, Ventura, and SD&IV.

#### Action Taken

Mr. Jablonski moved to forward a recommendation to the MTS Board of Directors to elect Randy L. Perry as Chairperson of the SD&AE Board of Directors. Mr. Jones seconded the motion, and it was unanimously approved.

#### 8. Old Business

No old business.

#### 9. New Business

Mr. Jablonski directed Mr. Allison to contact SANDAG staff for a presentation to the SD&AE Board on the status of the San Ysidro Yard Project. Mr. Jablonski reported that staff is in contact with the General Services Administration to discuss property acquisition near the border. Mr. Allison added that the southerly yard entrance will not be impacted as previously planned. Ms. Landers stated that RailAmerica personnel can contact her if they have any issues entering the yard.

Mr. Jones reported that Dan Elliott, Chairman of the Surface Transportation Board, came to San Diego yesterday and had a tour of MTS facilities. Mr. Jones stated that Mr. Elliott was very appreciative of the exposure and the information, and he was very impressed. Mr. Jones thanked everyone involved for their participation in showing Mr. Elliott around.

10. Public Comments

No public comments.

11. Next Meeting Date

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

6. Closed Session – Continued (taken out of order)

The Board convened into closed session at 9:24 a.m.

b. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to California Government Code Section 54956.8

Property: MP 113.5 to 119.3 in Ocotillo Wells in Imperial County, CA

Agency Negotiators: Karen Landers, MTS General Counsel; Tim Allison, Manager of Real Estate Assets; and Paul Jablonski, President & CEO

Negotiating Parties: Pattern Energy Group

Under Negotiation: Price and Terms of Payment

Action Taken

The Board received a report and gave direction to staff.

c. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to California Government Code Section 54956.8

Property: MP 92.9 Over Railroad Street in Jacumba, CA

Agency Negotiators: Karen Landers, MTS General Counsel; Tim Allison, Manager of Real Estate Assets; and Paul Jablonski, President & CEO

Negotiating Parties: SDG&E

Under Negotiation: Price and Terms of Payment


Action Taken

The Board received a report and gave direction to staff.

The Board reconvened from closed session into open session at 9:49 a.m.

12. Adjournment

The meeting was adjourned at 9:50 a.m.

  
\_\_\_\_\_  
President  
\_\_\_\_\_  
General Counsel