

MINUTES

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

October 22, 2013

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 22, 2013, at 9:00 a.m.

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

San Diego Metropolitan Transit System:	Tim Allison, Karen Landers, Wayne Terry, Erin Dunn
San Diego Association of Governments:	Christina Casgar
Pacific Southwest Railway Museum:	Diana Hyatt
Pacific Imperial Railroad, Inc.:	Sheila LeMire
Burlington Northern Santa Fe:	John Hoegemeier
AMICARGA:	Jorge O. Monraz
San Diego Electric Railway Association:	R. Mitchell Beauchamp

1. Approval of Minutes

Mr. Jablonski moved to approve the Minutes of the July 16, 2013, 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 3rd quarter of 2013 (attached to the agenda item). She explained that income has increased due to the Desert Line lease revenue not being included in the original budget. Ms. Dunn reported that expenses were unfavorable but were offset by favorable risk management costs and the timing of expenses for outside services.

Mr. Jablonski suggested that other revenue sources be considered. Karen Landers responded that the fee for right of entry permits recently increased from \$500 to \$750. Tim Allison added that the increase in right of entry fees has only had a slight impact.

Action Taken

Mr. Jablonski 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

Matt Domen reviewed the report of activities for the 3rd quarter of 2013 (attached to the agenda item).

Action Taken

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

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the 3rd quarter of 2013 report (attached to the agenda item). Ms. Hyatt added that the pathway to the restroom at the Depot is finished and is now wheelchair-accessible.

Ms. Hyatt informed that Board that she is concerned that there is still a month-to-month operating contract and no interim procedures have been established with PIR. She also reported that the box cars are finally leaving.

Ms. Hyatt attended an Association of Tourist Railroads and Railway Museums (ATRRM) convention, and the Museum will be participating in some of the special events.

Mr. Ovitt asked about the Museum's return from offering Groupons. Ms. Hyatt responded that the Museum has offered Groupons over the past couple of years and the traffic from them has tapered off.

Mr. Jablonski asked for clarification in regard Ms. Hyatt's concerns regarding the impacts of the month-to-month operating agreement. Ms. Hyatt responded that her specific concern involves Federal Railroad Administration (FRA) compliance and the way the signal is set up. She explained that the Museum is doing the maintenance on the line, but it does not have control over operations if there is an outage or if the signals are down. She added that there are a lot of power failures due to weather, and it can take hours to get in contact with the Carrizo Police Department (which is the contact number listed). Ms. Hyatt would like to have the contact numbers changed on the power boxes. Sheila LeMire added that she is aware of the issue and is working with Ms. Hyatt.

Action Taken

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

5. Report on the Desert Line

Sheila LeMire reviewed the 3rd quarter of 2013 report (attached to the agenda item). She stated that PIR is compiling the inspection and track-testing reports being conducted by J. L. Patterson and Holland Company and expects to have all of the final reports by the next meeting.

Mr. Ovitt asked if there was any preliminary flaw testing conducted. Ms. LeMire responded that there was and that the results were submitted to Tim Allison. Mr. Allison stated that he did receive the reports, and the rail was in better shape than originally thought. Mr. Allison will give the reports to Fred Byle to review. He informed members that the information included was raw data and that the final reports are expected next quarter. Mr. Allison said that the reports show that about 20 of 57 bridges were inspected, and there are still some major bridges to inspect. This report coincided with Osmose's report conducted in 2007 in regard to some major bridge-repair concerns, and Mr. Allison stated that J. L. Patterson's project manager understands the significance of those concerns. He added that J. L. Patterson hasn't reviewed the tunnels yet.

Ms. Hyatt said that PIR shared these preliminary reports with the Museum, and the Museum is working on the replacing 4 rails and keeping on top of the maintenance.

Action Taken

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

6. Real Property Matters

a. Summary of SD&AE Documents Issued Since July 16, 2013

Tim Allison referenced the summary of SD&AE documents issued since the July 16, 2013, SD&AE Railway Company Board of Directors meeting.

- S200-13-575: Right of Entry Permit to RVM Construction, Inc. to construct an underground sewer pipeline at Moss Street in the City of Chula Vista.
- S200-13-576: Right of Entry Permit to Kimley-Horn Associates, Inc. for engineering investigations to support various San Diego Association of Governments (SANDAG) projects.
- S200-13-580: Right of Entry Permit to J. L. Patterson & Associates, Inc. for engineering support to reconstruct the Desert Line.
- S200-14-581: Right of Entry Permit to Watkins Environmental, Inc. for engineering support to reconstruct the Desert Line.

Action Taken

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

b. License Agreement with Cox Communications, Inc.

Tim Allison gave an overview of the area that Cox Communications, Inc. is proposing for an underground fiber-optics line on the Coronado Branch.

Action Taken

Mr. Jablonski moved to approve issuing a license to Cox Communications, Inc. for a proposed underground fiber-optics utility crossing under SD&AE tracks located at milepost 9.6 on the Coronado Branch Line in Chula Vista. Mr. Domen seconded the motion, and it was unanimously approved.

c. Underground Sewer Main Easement

Tim Allison gave an overview of the scope and area that the City of La Mesa is proposing to add an underground trunk sewer pipeline. He explained it would be far enough away from the tracks, and the railroad loading on that pipe should be minimized by the lateral distance and the depth. Mr. Allison clarified that all engineering and associated requirements would be in compliance. Mr. Allison added that there are 2

crossings presently; however, one crossing would be eliminated. He responded to a question from Mr. Jablonski confirming that the appraisal fee would be charged to the City of La Mesa.

Action Taken

Mr. Jablonski moved to approve an easement to the City of La Mesa for a proposed underground 8-inch High-Density Polyethylene Pipe (HDPE) trunk sewer pipeline. Mr. Domen seconded the motion, and it was unanimously approved.

7. Approval of the 2014 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 2014 meeting schedule. All Board members were in agreement of the proposed dates as listed:

Tuesday, January 14, 2014	9:00 a.m.	(Fourth Quarter 2013 Reports)
Tuesday, April 15, 2014	9:00 a.m.	(First Quarter 2014 Reports)
Tuesday, July 15, 2014	9:00 a.m.	(Second Quarter 2014 Reports)
Tuesday, October 21*, 2014	9:00 a.m.	(Third Quarter 2014 Reports)

Upon approval of the above meeting dates, additional information regarding materials due dates and mail-outs are as follows:

Materials Due to Clerk

Friday, January 3, 2014
Friday, April 4, 2014
Thursday, July 3**, 2014
Friday, October 10, 2014

Materials Mailed

Wednesday, January 8, 2014
Wednesday, April 9, 2014
Wednesday, July 9, 2014
Wednesday, October 15, 2014

Action Taken

Mr. Ovitt moved to approve the 2014 SD&AE Board of Directors meeting schedule. Mr. Domen seconded the motion, and it was unanimously approved.

8. Board Member Communications

There were no Board member communications.

9. Public Comments

- R. Mitchell Beauchamp – City Treasurer for National City and Trustee of San Diego Electric Railway Association (SDERA). Mr. Beauchamp stated that SDERA recently acquired a PCC car, which is located at the depot in National City and that his remarks refer to the Belt Line (also known as the Coronado Line). He commented that the removal of the F Street Diamond creates situation on the line that is truly insular. Mr. Beauchamp would like to have dialog to see if SDERA can use that line as part of its tourism activities—specifically Cleveland Avenue. He cited Tucson's success with its tourist trolley. Mr. Beauchamp stated that the line was used in early 2000 and was very

*To accommodate APTA Annual Conference on 10/12/14-10/15/14

** Due to July 4 holiday

well received. He added that with the closing of Chula Vista Nature Center, use of that line for weekend activities would stimulate commerce. Mr. Beauchamp stated that SDERA is interested in Cleveland Avenue and repairing the damage done by Sweetwater Authority. He said that the Salt Works Museum is also an area of interest. SDERA's preliminary plan is to use a PCC car with a motor generator (opposed to using catenary lines). Mr. Beauchamp added that there is a potential for SDERA to obtain an Edwards car. He concluded by reiterating his request for the opportunity to start a dialog.

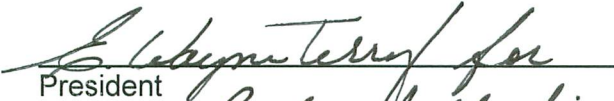
Mr. Jablonski suggested to Mr. Beauchamp that SDERA submit a business plan in writing.


10. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on January 14, 2014.

11. Adjournment

The meeting was adjourned at 9:27 a.m.



President


2013-10-22 MINUTES-SDAE



General Counsel