



SAN DIEGO & ARIZONA
EASTERN RAILWAY
COMPANY

A NEVADA NONPROFIT
CORPORATION

1255 IMPERIAL AVENUE,
SUITE 1000
SAN DIEGO, CA
92101-7490
(619) 231-1466

BOARD OF DIRECTORS
BRAD OVITT, CHAIRPERSON
MATT DOMEN
PAUL JABLONSKI

OFFICERS
PAUL JABLONSKI, PRESIDENT
MATT DOMEN, SECRETARY
LINDA MUSENGO, TREASURER

LEGAL COUNSEL
KAREN LANDERS

AGENDA

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

July 16, 2013

9:00 a.m.

Executive Committee Room
James R. Mills Building
1255 Imperial Avenue, 10th Floor

This information will be made available in alternative formats upon request. To request an agenda in an alternative format, please call the Clerk of the Board at least five working days prior to the meeting to ensure availability. Assistive Listening Devices (ALDs) are available from the Clerk of the Board prior to the meeting and are to be returned at the end of the meeting.

ACTION RECOMMENDED

1. Approval of the Minutes of April 16, 2013 Approve
Action would approve the SD&AE Railway Company Minutes of April 16, 2013.
2. Statement of Railway Finances (Linda Musengo) Receive
Action would: (1) receive a report for information; and (2) forward a recommendation to the MTS Board of Directors to elect Erin Dunn as SD&AE Treasurer to replace the position being vacated by Linda Musengo.
3. Report on San Diego and Imperial Valley (SD&IV) Railroad Operations (Matt Domen) Receive
Action would receive a report for information.
4. Report on Pacific Southwest Railway Museum (Diana Hyatt) Receive
Action would receive a report for information.
5. Report on the Desert Line (Chas McHaffie) Receive
Action would receive a report for information.
6. Real Property Matters (Tim Allison)
 - a. Summary of SD&AE Documents Issued Since April 16, 2013 Receive
Action would receive a report for information.
 - b. Easements for an At-Grade Crossing at the U.S./Mexico Border in San Ysidro Approve
Action would approve issuing an easement to the U.S. Department of Homeland Security (DHS) for an at-grade crossing over SD&AE tracks located at the U.S./Mexico border in San Ysidro.
7. Board Member Communications
8. Public Comments
9. Next Meeting Date: October 15, 2013
10. Adjournment

DRAFT

MINUTES

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

April 16, 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 April 16, 2013, at 9:00 a.m.

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

San Diego Metropolitan Transit System:
San Diego & Imperial Valley Railroad:
Pacific Southwest Railway Museum:
Pacific Imperial Railroad, Inc.:
Burlington Northern Santa Fe:

Tim Allison, Karen Landers, Linda Musengo
Matt Domen, Brad Ovitt
Diana Hyatt
Sheila Lemire, Don Stoecklein
John Hoegemeier

1. Approval of Minutes

Mr. Jones moved to approve the Minutes of the January 15, 2013, SD&AE Railway Board of Directors meeting, and it was unanimously approved.

2. Statement of Railway Finances

Linda Musengo reviewed the financial statement for the first quarter of 2013 (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.

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

Matt Domen reviewed the report of activities for the first quarter of 2013 (attached to the agenda item). Mr. Domen noted that the first page of the report is missing from the packet (attached).

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 first quarter of 2013 report (attached to the agenda item). Ms. Hyatt distributed a flyer for a celebration for the Museum's 50-plus years of service (attached).

Action Taken

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

5. Report on the Desert Line

Chas McHaffie reviewed the first quarter of 2013 report (attached to the agenda item). Mr. McHaffie thanked Mr. Jones and Mr. Perry for their contributions as SD&AE Board members.

Don Stoecklein informed the Board that PIR is moving forward with Union Pacific for trackage/hauling rights on approximately ten miles of track (from Plaster City to El Centro). A proposal has been submitted to counsels for PIR and Union Pacific. Mr. Stoecklein stated that Union Pacific representatives are in town today to discuss logistics issues with PIR. He added that PIR has submitted a reconstruction plan to MTS and is updating that plan at this point. PIR is meeting with consultants (subject to MTS approval) to review their proposals for commencement of construction pursuant to the reconstruction plan.

Karen Landers reminded operators that they must utilize MTS's Right of Entry permit process for any consultants or third parties testing or working on the line to ensure indemnification and proof of insurance. Mr. Stoecklein responded that an inspection team went out and looked at the line for purposes of generating true inspections. He added that inspections will be extensive (bridges tunnels, track, ability to hold freight, condition of the ties, etc.). Right of Entry permits will be obtained before any work commences.

Mr. Stoecklein reported that PIR is continuing to develop its marketing plan. PIR has ordered three locomotives to be in a position to move freight and continues to pursue investment banking. (He noted that a Kinsell Securities representative was present at the meeting.)

Ms. Landers stated that there are ownership issues regarding some old rail cars sitting at Jacumba. Ms. Landers stated that she is not sure about the process to resolve this issue and get equipment not owned by PIR removed from the line. She stated that an inventory of these cars should be created and a certain amount of time given to remove the cars. Ms. Landers added that safe removal of these cars is a priority before operations.

Tim Allison asked Mr. Stoecklein to assign a PIR representative to review and approve or concur with SDG&E's plans for proposed power and underground lines on PIR's behalf. Mr. Stoecklein responded that he would be the representative. Ms. Landers added that she received a call this week from SDG&E's attorney wanting to finalize the East County Substation Project documents that address the wires over the SD&AE tracks being high enough to accommodate double-stacked cars. Mr. Allison added that he has reviewed the documents, and they look fine; he just needs PIR's consent. Mr. Stoecklein will work with Mr. Allison to finalize approval of the documents.

Action Taken

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

6. Real Property Matters

a. Summary of SD&AE Documents Issued Since January 15, 2013

Since the January 15, 2013, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-13-558: Right of Entry Permit to LB Civil Construction, Inc. for 24th Street and Civic Center Drive freeway and ramp improvements in the City of National City.
- S200-13-561: Right of Entry Permit to Davey Tree Surgery Company for tree maintenance and wood power-pole inspections along various portions of the SD&AE right-of-way.
- S200-13-566: Right of Entry Permit to NX Utilities, LLC for installing fiber-optic cabling at 28th Street in the City of San Diego.

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

b. Easement for a Water Pipeline – H Street, Chula Vista

Mr. Allison informed the Board that the request is to issue an easement to Sweetwater Authority to extend the water line to the west on H Street, and Sweetwater Authority would pay the appraised easement value.

Action Taken

Mr. Terry moved to approve issuing an easement to Sweetwater Authority for a proposed 16-inch water pipeline crossing under SD&AE tracks located on H Street between Bay Boulevard and Marina Parkway in Chula Vista, California. Mr. Jones seconded the motion, and it was unanimously approved.

c. Ancillary Real Estate Actions for the Trolley Renewal Project – SDG&E Service Easement for Traction Power Substation Power

Mr. Allison stated that the request presented is to authorize the SD&AE President to issue ancillary real estate actions and agreements for the Trolley Renewal Project. He explained that as part of the project, SDG&E requires easements for service power for signaling, power stations, etc. at 7 or 8 locations along the SD&AE line. Mr. Allison stated that approval of this action would authorize the President to approve upcoming easement requests without having to come back to the SD&AE Board each time.

Action Taken

Mr. Terry moved to authorize the President to execute any and all ancillary real estate documents and agreements that are needed for the MTS Trolley Renewal Project. Mr. Jones seconded the motion, and it was unanimously approved.

7. Election of SD&AE Chairperson and Board Member

Ms. Landers stated that this is the last meeting for Mr. Jones and Mr. Perry (due to reorganization within RailAmerica, which was acquired by Genesee & Wyoming). She added that the SD&AE Board needs to discuss proposed replacements and make recommendations to forward to the MTS Board on May 16, 2013, so that the new members will be in place for the next SD&AE meeting (on July 16, 2013).

Mr. Jones introduced Brad Ovitt of Genesee and Wyoming; they have worked together at RailAmerica for the past 11 years. Mr. Jones reviewed Mr. Ovitt's background and experience and added that he feels that Mr. Ovitt would be a good addition as Chairperson due to his experience and savvy in the industry. Mr. Jones added that he also feels that Matt Domen of SD&IV would be a good replacement as Secretary. Ms. Landers requested that curriculum vitae be submitted for Mr. Ovitt and Mr. Domen in time for the recommendation to the MTS Board of Directors on May 16.

Action Taken

Mr. Terry moved to elect Brad Ovitt from Genesee and Wyoming as Chairperson and Matt Domen from SD&IV as Secretary for the SD&AE Board of Directors and forward a recommendation for approval to the MTS Board of Directors at its meeting on May 16, 2013. Mr. Jones seconded the motion, and it was unanimously approved.

8. Board Member Communications

There were no Board member communications.

9. Public Comments

There were no public comments.

10. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on Tuesday, July 16, 2013.

11. Adjournment

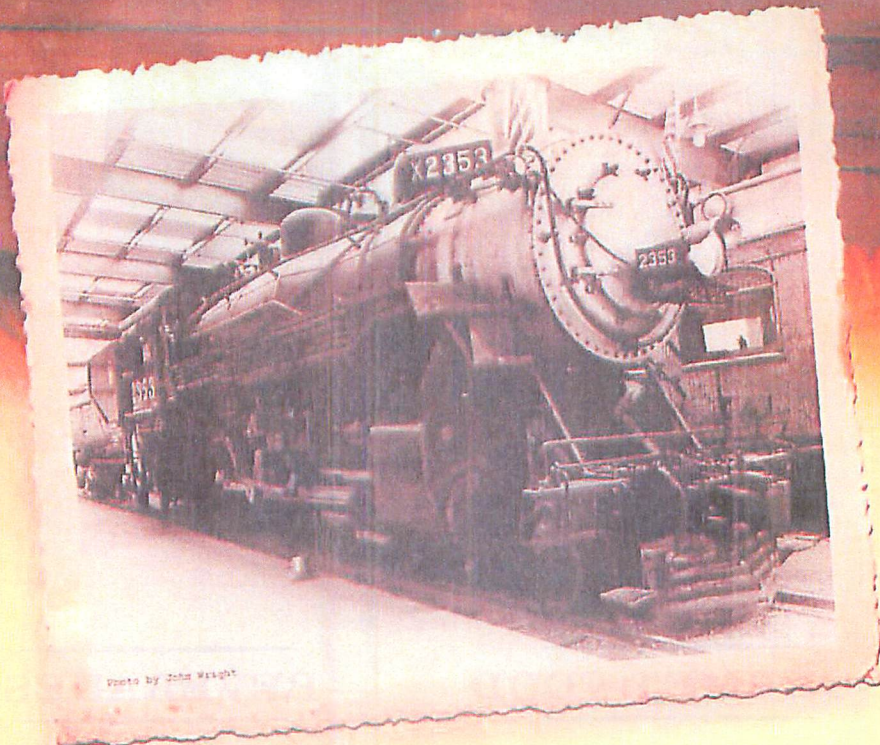
The meeting was adjourned at 9:19 a.m.

President

General Counsel

2013-4-16 MINUTES-SDAE

Attachments: Flyer "Chefs Fire up the Iron Horse"
SD&IV Quarterly Report (complete)



COME AND ENJOY!

CHEFS FIRE UP THE

APRIL 20, 2013



12:00 - 5:00 PM

IRON HORSE

PRESENTED AT

THE CAMPO RAILROAD MUSEUM

The Chefs de Cuisine & The Campo RR Museum are celebrating
over fifty years of service to the San Diego community
together with The Southern California Vintners Alliance

**GOURMET FOOD SAMPLING • WINE TASTING
BEER GARDEN • SILENT AUCTION • LIVE MUSIC**

(MUST BE OVER 21)

TICKETS \$25 PER PERSON | \$30 DAY OF EVENT

\$20 PER PERSON FOR GROUPS OF 12 OR MORE

TICKETS AT WWW.PSRM.ORG | 619-465-7776



SCVA
Southern California Vintners Alliance



GOURMET FOOD

Last years selection included...

Seafood Station

Sushi, Seafood Pasta, Ceviche
and much more

Bar-B-Que Station

With Grilled Gourmet Sausages,
Chili, Bar-B-Que Chicken

The "Iron Horse" Oven

Carved Roasted Pig,
and New York Strip Loin

Salads

Caesar Salad
Potato Salad with
Cherry Wood Smoked Bacon
Tropical Fruit Salad
Spring Caprice Salad

Dessert Station

Assorted Cookies
Brownies
Assorted Pies

BEVERAGES

Wine provided by the members of
**The Southern California
Vintners Alliance**

Food prepared by
**Chefs de Cuisine
Association of San Diego**
www.sdcchefsdecuisine.com

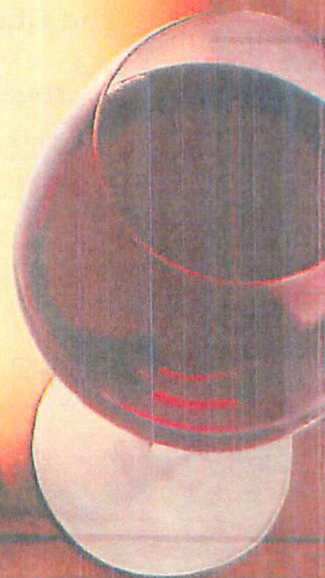
SPONSORS

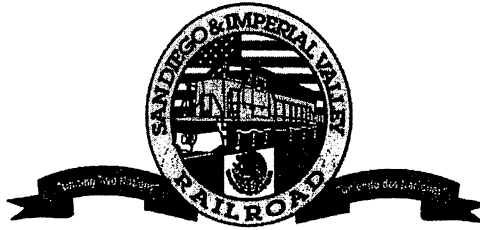
Caffé Calabria
Ballast Point Brewery



TRAIN RIDES AVAILABLE

Train fares may be purchased when you place
your Iron Horse ticket order
or at the Campo Depot on the day of the event.





SD&AE Board
C/O MTS
1255 Imperial Avenue, Suite 1000
San Diego, California 92101

April 2, 2013

Periodic Report

In accordance with Section 20 of the Agreement for Operational Freight Service and Control through Management of the San Diego and Arizona Eastern Railway Company; activities of interest for the 1st Quarter of 2013 are listed as follows:

1. Labor

At the end of March 31, 2013 the San Diego & Imperial Railroad had 10 employees:

- 1 General Manager
- 1 Asst. General Manager
- 1 Asst. Trainmaster
- 1 Manager - Marketing & Sales
- 1 Office Manager
- 1 Mechanical Manager
- 1 Roadmaster
- 1 Maintenance of Way Employee
- 2 Train Service Employees

2. Marketing

Volume in the 1st Quarter rose 38% as compared to 2012. Bridge traffic had a 44% increase, primarily driven by a rise in LPG traffic. Traffic terminating or originating on the SDIY rose 7% as compared to this time last year. Primary driver was sand products moving to Kleen Blast.

3. Reportable Injuries/Environmental

Days through year to date, March 31, 2013, there were no FRA Reportable injuries or environmental incidents on the SDIV Railroad.

Days FRA Reportable Injury Free: 4933

4. Summary of Freight

	2013	2012	2011
Total rail carloads that moved by SDIY Rail Service in the quarter.	1227	756	1418
Total railroad carloads Terminating/Originating Mexico in the quarter.	1043	584	1167
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	184	172	251
Total customers directly served by SDIY in the quarter	10	10	10
Regional Truck trips that SDIY Railroad Service replaced in the quarter	3681	2268	4254

Respectfully,

Randy Perry
General Manager

Agenda Item No. 2

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

July 16, 2013

SUBJECT:

STATEMENT OF RAILWAY FINANCES AND ELECTION TO FILL POSITION OF
SD&AE RAILWAY TREASURER

RECOMMENDATION:

That the SD&AE Board of Directors: (1) receive a report for information; and (2) forward a recommendation to the MTS Board of Directors to elect Erin Dunn as SD&AE Treasurer to replace the position being vacated by Linda Musengo.

Budget Impact

None.

DISCUSSION:

Linda Musengo will be vacating the position of Treasurer; therefore, staff proposes forwarding a recommendation to the MTS Board of Directors to replace Ms. Musengo with MTS Finance Manager Erin Dunn.

Attachment: Quarterly Report not submitted in time for mail-out – to be provided

Agenda Item No. 3

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

July 16, 2013

SUBJECT:

REPORT ON SAN DIEGO AND IMPERIAL VALLEY (SD&IV) RAILROAD OPERATIONS

RECOMMENDATION:

That the SD&AE Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

An oral report will be given during the meeting.

Attachment: Periodic Report for the 2nd Quarter of 2013



a Genesee & Wyoming Company

SD&AE Board

July 3, 2013

C/O MTS
1255 Imperial Avenue, Suite 1000
San Diego, California 92101

Periodic Report

In accordance with Section 20 of the Agreement for Operational Freight Service and Control through Management of the San Diego and Arizona Eastern Railway Company; activities of interest for the 2nd Quarter of 2013 are listed as follows:

1. **Labor**

At the end of June 30, 2013 the San Diego & Imperial Railroad had 10 employees:

1 General Manager

1 Asst. General Manager

1 Asst. Trainmaster

1 Manager - Marketing & Sales

1 Office Manager

1 Mechanical Manager

1 Roadmaster

1 Maintenance of Way Employee

2 Train Service Employees

2. **Marketing**

Volume in the 2nd Quarter rose 11% as compared to 2012. Bridge traffic had a 12% increase, primarily driven by a rise in both shipments to the Cuauhtémoc Brewery (malt and corn syrup) and increases in LPG traffic to ConocoPhillips. Traffic terminating or originating on the SDIY was virtually flat compared to this time last year.

3. Reportable Injuries/Environmental

Days through year to date, June 30, 2013, there were no FRA Reportable injuries or environmental incidents on the SDIV Railroad.

Days FRA Reportable Injury Free: 5024

4. Summary of Freight

	2013	2012	2011
Total rail carloads that moved by SDIY Rail Service in the quarter.	1554	1401	1099
Total railroad carloads Terminating/Originating Mexico in the quarter.	1316	1173	805
Total railroad carloads Terminating/Originating El Cajon, San Diego, National City, San Ysidro, California in the quarter.	238	228	294
Total customers directly served by SDIY in the quarter	11	10	11
Regional Truck trips that SDIY Railroad Service replaced in the quarter	4662	4203	3297

Respectfully,

Matt Domen-

General Manager

Agenda Item No. 4

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

July 16, 2013

SUBJECT:

REPORT ON PACIFIC SOUTHWEST RAILWAY MUSEUM

RECOMMENDATION:

That the SD&AE Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Quarterly Report



Pacific Southwest Railway Museum

La Mesa Depot 4695 Nebo Drive La Mesa, CA 91941 619-465-7776

July 8, 2013

SD&AE Board
c/o Metropolitan Transit System
1255 Imperial Avenue, Suite 1000
San Diego, CA 92101

Re: Second Quarter, 2013

Dear SD&AE Board:

During the second quarter of 2013, utilizing all volunteer crews, the Pacific Southwest Railway Museum ran 49 passenger trains carrying 1,901 passengers with no FRA reportable accidents or injuries. Total income from SD&AE property for second quarter, 2013 was \$ 18,781.96, a check for \$376.00 is attached to the hard copy of this letter. By comparison, PSRM carried:

2,882 passengers during the second quarter of 2012
2,434 passengers during the second quarter of 2011
1,977 passengers during the second quarter of 2010
1,606 passengers during the second quarter of 2009
2,541 passengers during the second quarter of 2008

The highlight during the second quarter was the 3rd Annual Chefs Fire Up the Iron Horse wine and food pairing held on Saturday, April 20, 2013. This is a collaborative event between ourselves, the Chefs de Cuisine and the Southern California Vintner's Alliance and is held in the museum's Display Building. The event hosted nearly 350 attendees and featured 32 wines from nine local wineries from San Diego and Riverside Counties.

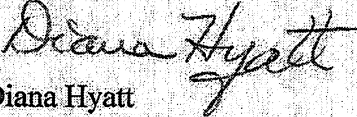
A substantial amount of track work was accomplished during the second quarter of the year as well. On April 3 the right of way from the international border to MP 66.7 received an application of pre-emergent and weed killer. Tie replacement, renewal and rail replacement is nearly complete for the sweeping curves at MP 64.8 and 63.5 and other maintenance was performed at various locations between the border and Campo.

The museum has been operating Saturday summer evening trains since June 22 with departure times at 5:00 and 7:00 p.m. This schedule will continue through August 31, 2013. On Saturday,

1/2

September, 7, 2013, the museum will resume its regular Golden State train schedule with departures at 11:00 a.m. and 2:30 p.m. every Saturday and Sunday.

Sincerely,


Diana Hyatt

Agenda Item No. 5

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

July 16, 2013

SUBJECT:

REPORT ON THE DESERT LINE

RECOMMENDATION:

That the SD&AE Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

A report will be presented during the meeting.

Attachment: Quarterly Report not submitted in time for mail-out – to be provided

Agenda

Item No. 6a

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

July 16, 2013

SUBJECT:

SUMMARY OF SD&AE DOCUMENTS ISSUED SINCE APRIL 16, 2013

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors receive a report for information.

Budget Impact

None.

DISCUSSION:

Since the April 16, 2013, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-13-559: Right of Entry Permit to SDG&E for a transformer removal at the Lemon Grove Depot in the City of Lemon Grove.
- S200-13-562: Right of Entry Permit to Navy Region Southwest for the Bay Bridge Run/Walk.
- S200-13-563: Easement to SDG&E for power service to a new traction power substation at Seaward Avenue in the City of San Diego.
- S200-13-564: Easement to SDG&E for power service to a new traction power substation at 27th Street in the City of San Diego.
- S200-13-565: Easement to SDG&E for power service to a new traction power substation at Market Creek Plaza in the City of San Diego.
- S200-13-567: Easement to SDG&E for power service to a new traction power substation at 13th Street in the City of San Diego.
- S200-13-568: Right of Entry Permit to PAR Electrical Contractors Inc. for electric facilities removal at 24th Street in the City of San Diego.
- S200-13-569: Right of Entry Permit to the City of La Mesa for the La Mesa Flag Day Parade.

- S200-13-570: Right of Entry Permit to COMM22 Family Housing L.P to construct residential housing at 24th Street in the City of San Diego.
- S200-13-571: Easement to SDG&E for power service to a new traction power substation at Palm Avenue in the City of San Diego.
- S200-13-572: Right of Entry Permit to Flatiron West, Inc. to construct the Blue Line Low-Floor Station Improvements project.
- S200-13-577: Right of Entry Permit to Aguirre Engineering for general land surveying on SD&AE right-of-way.
- S200-13-578: Right of Entry Permit to the San Diego County Bicycle Coalition for the Bike the Bay fun bike ride.
- S200-13-579: Right of Entry Permit to SDG&E for pole removal and overhead wire transfer at Moss Street in the City of Chula Vista.

Agenda

Item No. 6b

San Diego and Arizona Eastern (SD&AE)
Railway Company
Board of Directors Meeting

July 16, 2013

SUBJECT:

EASEMENTS FOR AN AT-GRADE CROSSING AT THE U.S./MEXICO BORDER IN
SAN YSIDRO

RECOMMENDATION:

That the SD&AE Railway Company Board of Directors approve issuing an easement to the U.S. Department of Homeland Security (DHS) for an at-grade crossing over SD&AE tracks located at the U.S./Mexico border in San Ysidro.

Budget Impact

Fees would be credited to the SD&AE reserve. SDG&E would also reimburse MTS for processing fees incurred in preparing and processing the easements.

DISCUSSION:

DHS requests the issuance of an easement for an at-grade crossing at the U.S./Mexico border in San Ysidro. The purpose of the easements is to gain access to the fence constructed along the border between the U.S. and Mexico. (The proposed location of the easement is attached.) This location is an existing crossing, which would be used for construction access, maintenance access, and enforcement access.

Attachment: Location of proposed easement

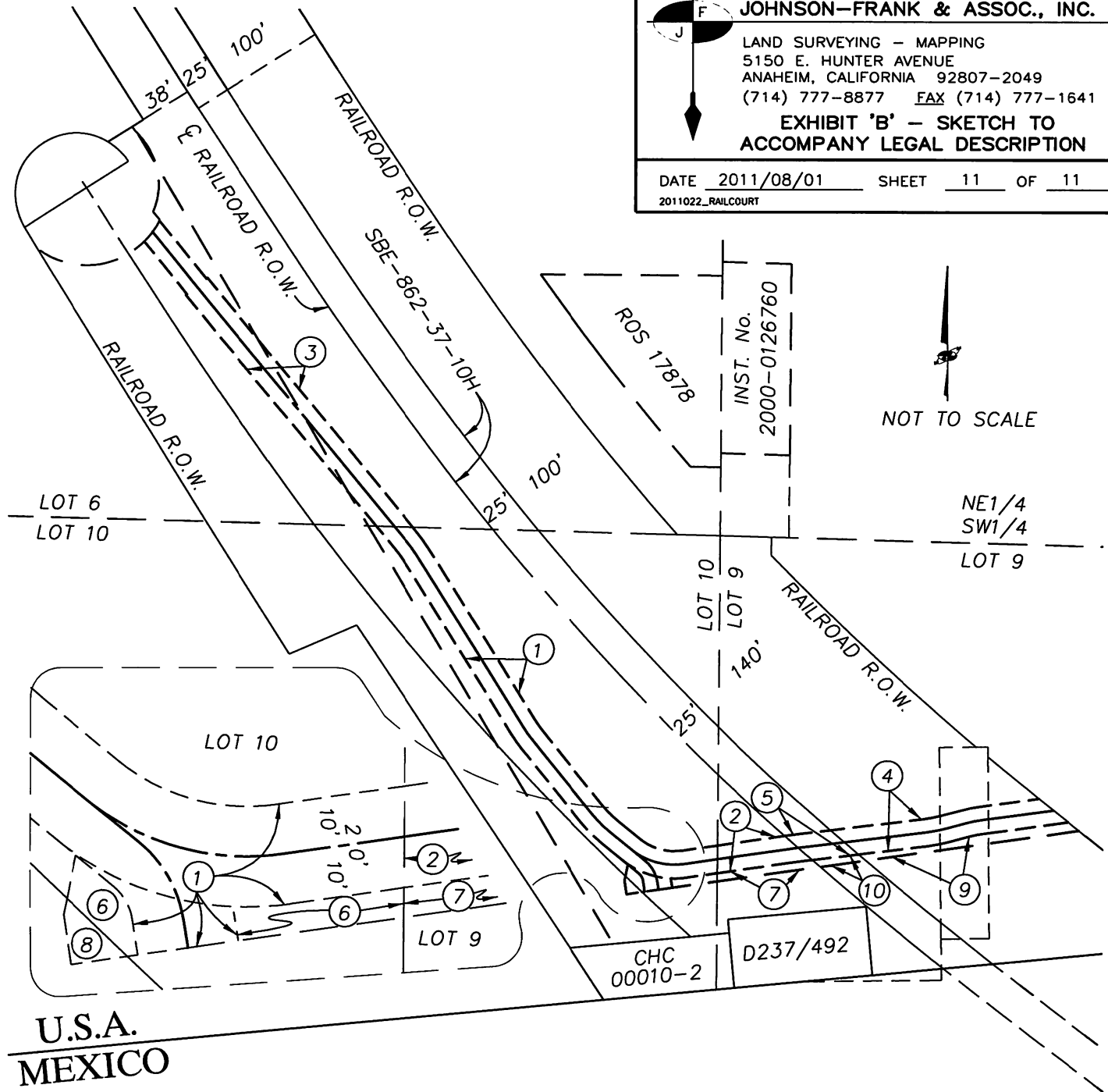


JOHNSON-FRANK & ASSOC., INC.

LAND SURVEYING - MAPPING
5150 E. HUNTER AVENUE
ANAHEIM, CALIFORNIA 92807-2049
(714) 777-8877 FAX (714) 777-1641

EXHIBIT 'B' - SKETCH TO
ACCOMPANY LEGAL DESCRIPTION

DATE 2011/08/01 SHEET 11 OF 11
2011022_RAILCOURT



U.S.A.
MEXICO

	ASSESSORS PARCEL / PURPOSE	U.S.A.C.E. PARCEL No.
①	AP 667-020-52 INGRESS/EGRESS	SDC - IMB - 290E
②	AP 667-020-54 INGRESS/EGRESS	SDC - IMB - 291E
③	AP 667-020-60 INGRESS/EGRESS	SDC - IMB - 292E
④	AP 667-020-71 INGRESS/EGRESS	SDC - IMB - 293E
⑤	SBE 862-37-10H INGRESS/EGRESS	SDC - IMB - 294E
⑥	AP 667-020-52 UTILITY	SDC - IMB - 290E - 1
⑦	AP 667-020-54 UTILITY	SDC - IMB - 291E - 1
⑧	AP 667-020-70 UTILITY	SDC - IMB - 295E
⑨	AP 667-020-71 UTILITY	SDC - IMB - 293E - 1
⑩	SBE 862-37-10H UTILITY	SDC - IMB - 294E - 1