

MINUTES

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

October 21, 2014

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 21, 2014, at 9:00 a.m.

The following persons, constituting the Board of Directors, were present: Blake C. Jones, Matt Domen, and Wayne Terry. Also in attendance were members from:

San Diego Metropolitan Transit System:
Pacific Southwest Railway Museum:
Pacific Imperial Railroad, Inc.:
Carrizo Gorge Railway:
Admicarga:
Trains Magazine:

Tim Allison, Karen Landers, Erin Dunn
Diana Hyatt, Michael Edwards
Don Stoecklein
Charles McHaffie
Lizzeth Sabido
Don Jones

1. Approval of Minutes

Mr. Terry moved to approve the Minutes of the July 15, 2014, 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 third quarter of 2014 (attached to the agenda item). She explained that SD&AE is over budget due to the Desert Line Lease not being included in the original budget. Ms. Dunn reported that the one negative variance is right of entry permits from the Port of San Diego that were reported as 2014 revenue. As there have been issues in collecting the revenue from the Port of San Diego, the \$14,000 had to be written off in 2014. If the money is collected in 2015, it will be recorded as revenue in 2015.

Compared to last year, there is a negative variance in the budget due to the right of entry permits. Ms. Dunn reported that expenses are favorable with only slightly higher personnel costs.

Action Taken

Mr. Terry 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 third quarter of 2014 (attached to the agenda item).

Mr. Terry inquired, in regards to the San Diego Trolley Blue Line to San Ysidro, about the signaling system, and asked Mr. Domen if they were able to move over the roads without issue.

Mr. Domen confirmed this. Mr. Terry further inquired about the frequency at which the SD&IV trains were operating on the San Diego Trolley Orange Line. Mr. Domen reported that they are running one train on Sunday nights, adding that the shorter Trolley operation allows SD&IV to make a round trip.

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 2014 report (attached to the agenda item).

Karen Landers asked Ms. Hyatt for clarification on payment MTS received from the CPUC as reimbursement for grade crossing maintenance; \$1600 is allocable to PSRM for maintenance they have performed. Ms. Landers advised that MTS will be sending the monies to PSRM.

Matt Domen asked about a trouble call he received from California Highway Patrol. Mr. Domen would like a list of emergency contact numbers to refer to in case there were further issues.

Mr. Terry asked Ms. Hyatt how the PSRM inventory was doing after some thefts on their property. Ms. Hyatt reported that they were running low on supplies due to inventory in Jacumba disappearing. Ms. Hyatt mentioned talking with Mike Fitzgerald, from MTS, about acquiring old signals from MTS. Ms. Landers reported that as long as MTS is not requiring them for service, transferring them to PSRM, for use on the Desert Line, would be acceptable.

Action Taken

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

5. Report on the Desert Line

Chas McHaffie reviewed the third quarter of 2014 report (attached to the agenda item).

Action Taken

Mr. Terry 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 15, 2014

Since the July 15, 2014, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-13-593.2: Right of Entry Permit Amendment to Ramona Paving & Construction Corp. to construct street improvements at Cesar Chavez Parkway in San Diego.

- S200-14-591: License to Cox Communications for an underground fiber optic crossing on the Coronado Branch north of the Salt Works in Chula Vista.
- S200-14-595: Right of Entry Permit to the State of California Parks and Recreation for invasive species monitoring and eradication near Jacumba on the Desert Line.
- S200-14-598: Right of Entry Permit to Navy Region Southwest Morale, Welfare and Recreation Department for its 28th Annual Bay Bridge Run / Walk event.
- S200-15-600: Right of Entry Permit to the San Diego County Bicycle Coalition for the 7th annual Bike the Bay Bike ride along various locations on the Blue Line and the Coronado Branch.
- S200-15-601: Right of Entry Permit to SDG&E for various electrical service upgrades along the Blue Line for the South Line Freight Improvement Project.
- S200-15-602: Right of Entry Permit to The Fishel Company to construct underground fiber for the San Ysidro Yard Improvement Project impacts to US Sprint.
- S200-15-603: Right of Entry Permit to The Fishel Company to construct underground fiber for the San Ysidro Yard Improvement Project impacts to Level 3.
- S200-15-604: Right of Entry Permit to SDG&E for various electrical service upgrades for the San Ysidro Yard Improvement Project.
- S200-15-605: Right of Entry Permit to Copp Contracting, Inc. to perform street paving at J Street and Palomar Street in Chula Vista.
- S200-15-606: Right of Entry Permit to Anza-Borrego Desert Natural History Association for several hikes on the Desert Line in the vicinity of the Carrizo Gorge.

Action Taken

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

B. CLOSED SESSION - CONFERENCE WITH REAL PROPERTY NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.8

PROPERTY: APNs 555-090-13 and unnumbered parcel 555-01, SAN DIEGO, CA

Adjourned into closed 9:17 a.m. – Re-adjourned 9:23 a.m.

Karen Landers reported that the Board received a report from rail property negotiators and gave instructions.

7. 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 2015 meeting schedule. All Board members were in agreement of the proposed dates as listed:

Tuesday, January 27, 2015	9:00 a.m.	(Fourth Quarter 2014 Reports)
Tuesday, April 14, 2015	9:00 a.m.	(First Quarter 2015 Reports)
Tuesday, July 14, 2015	9:00 a.m.	(Second Quarter 2015 Reports)
Tuesday, October, 13, 2015	9:00 a.m.	(Third Quarter 2015 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 16, 2015
Friday, April 3, 2015
Thursday, July 2, 2015
Friday, October 2, 2015

Materials Mailed

Wednesday, January 21, 2015
Wednesday, April 8, 2015
Wednesday, July 8, 2015
Wednesday, October 7, 2015

Action Taken

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

8. Public Comments

None.

9. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on January 27, 2015.

10. Adjournment

The meeting was adjourned at 9:24 AM.



President



General Counsel