

MINUTES

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

January 16, 2018

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 January 16, 2018, at 9:03 a.m.

The following persons, constituting the Board of Directors, were present: Wayne Terry (for Paul Jablonski), Matt Domen, and Jared Gooch. Also in attendance were members from:

San Diego Metropolitan Transit System:	Tim Allison, Karen Landers, Erin Dunn
Pacific Southwest Railway Museum:	Diana Hyatt, James Caestecker
Baja California Railroad Inc. (BJRR):	Roberto Romandia, Manuel Hernandez, Jorge Izquierdo
North Star Gas Ltd.	John Hoegemeier
Genesee and Wyoming	Micah Powell

1. Approval of Minutes

Mr. Domen moved to approve the Minutes of the October 10, 2017, SD&AE Railway Board of Directors meeting. Mr. Gooch seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Erin Dunn reviewed Statement of Railway Finances for the fourth quarter (attached to the agenda item).

Action Taken

Informational item only. No action taken.

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

Matt Domen reviewed the SD&IV Periodic Report for activities for the fourth quarter (attached to the agenda item).

Action Taken

Informational item only. No action taken.

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt handed out and reviewed the Pacific Southwest Railway Museum (PSRM) report for the fourth quarter (attached).

Action Taken

Informational item only. No action taken.

6. Real Property Matters (taken out of order)a. Summary of SD&AE Documents Issued Since October 10, 2017

Tim Allison noted that since the October 10, 2017, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-18-670: Easement to San Diego Gas & Electric for an underground gas pipeline at 65th Street in the City of San Diego.
- S200-18-674: Right of Entry Permit to Railworks Track Services, Inc., for tie replacement from Division to Campo on the Desert Line.
- S200-18-676: Right of Entry Permit to R.D. Installations, Inc., to repair concrete footings for SDG&E electrical towers in National City.
- S200-18-677: Right of Entry Permit to Coffman Specialties, Inc., for intersection signaling construction at H Street in Chula Vista.
- S200-18-678: Right of Entry Permit to Los Angeles Maritime Institute to move a sailboat across the tracks at F Street in Chula Vista.

Action Taken

Informational item only. No action taken.

5. Report on the Desert Line (taken out of order)

Jorge Izquierdo gave a verbal report (no hard copy was submitted) that negotiations are moving forward for a new customs inspection facility. A site inspection is scheduled for January 24 at Campo in coordination with MTS and Customs & Border Protection (CBP). Next steps will be determined for the milestones to rehabilitate the Desert Line. Mr. Izquierdo reported that there were no accidents or injuries in 2017, and that this the first time that the Short Line in Tijuana has had zero incidents. There was no freight activity during this period on the Desert Line. He stated that commodities have increased on the west side as established by SD&IY. Mr. Izquierdo also added that BJRR has already paid MTS its \$500,000 lease payment (due on January 20, 2018), and there is no outstanding balance.

Action Taken

Informational item only. No action taken.

7. Board Member Communications

There were no Board member communications.

8. Public Comments

There were no public comments.

9. Next Meeting Date

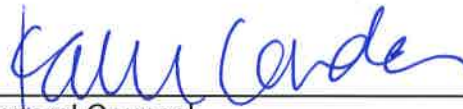
The next meeting of the SD&AE Railway Company Board of Directors is on Tuesday, April 10, 2018.

10. Adjournment

The meeting was adjourned at 9:11 a.m.



President



General Counsel

2018-1-16 DRAFT MINUTES-SDAE

Attachment: Handout – PSRM 4th Quarter Report (Agenda Item No. 4)



Pacific Southwest Railway Museum

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

January 15, 2018

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

Re: Fourth Quarter 2017

Dear SD&AE Board:

During the fourth quarter of 2017, utilizing all volunteer crews, the Pacific Southwest Railway Museum ran 24 Golden State/Pumpkin Trains, 49 Valley Flyer trains and 16 North Pole Trains carrying 7,153 passengers during 24 operating days. There were no FRA reportable accidents or injuries during the fourth quarter, 2017. Revenue from SD&AE property for the fourth quarter, 2017 was \$ 267,403.04, our check for \$ 5,348.06 is enclosed.

Passenger ridership by comparison to the same quarter in previous years:

7,153	Passengers during the fourth quarter of 2017
6,736	Passengers during the fourth quarter of 2016
7,110	Passengers during the fourth quarter of 2015
6,765	Passengers during the fourth quarter of 2014
6,535	Passengers during the fourth quarter of 2013
6,889	Passengers during the fourth quarter of 2012
6,109	Passengers during the fourth quarter of 2011
4,384	Passengers during the fourth quarter of 2010
3,268	Passengers during the fourth quarter of 2009
4,554	Passengers during the fourth quarter of 2008

Ridership increased by 417 passengers and revenue increased by \$32,990 with one more operating day during this quarter compared to the same quarter in 2016. The October operating schedule began with Pumpkin Trains for the duration of October, Valley Flyer trains during

November and North Pole Trains beginning December 1, 2017 extending through December 23, 2017.

PSRM continues Maintenance of Way tasks on our portion of track on the Desert Line including signal maintenance on the two signalized crossings over State Highway 94. Significant track work was accomplished during this quarter. PSRM MOW crews replaced over 120 ties and our track contractor, Rail Works Track Services replaced 958 ties between MP 65.8 and MP 61.9 at the beginning of November. Additional tie replacement will extend west to MP 60.95 in the next several months.

On Sunday, January 15, 2018 the Christmas Train/Three Kings event took place at the Tecate Stadium in Tecate, B.C., Mexico. This event has been going strong for twenty-one years but sadly, this is the ninth year without the train component. This event promotes cross-border relations in a wholly unconventional way and is a tradition for the residents of Tecate.

Looking towards 2018, PSRM has chosen to modify its train schedule from two Golden State Train rides every Saturday and Sunday to three Golden State Train rides every Saturday and Sunday with departures at 11:00 am, 1:00 pm and 3:00 pm. This schedule will continue through June 17, 2018 after which, the schedule will revert to a modified summer schedule.

Sincerely,

A handwritten signature in cursive script that reads "Diana Hyatt". The signature is written in black ink and is positioned above the printed name and title.

Diana Hyatt
President