

MINUTES

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

July 10, 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 July 10, 2018, at 9:00 a.m.

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

San Diego Metropolitan Transit System:	Tim Allison, Erin Dunn, Karen Landers, Wayne Terry
Pacific Southwest Railway Museum:	Diana Hyatt, James Caestecker

1. Approval of Minutes

Mr. Domen moved to approve the Minutes of the April 10, 2018, 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 second quarter of 2018 (attached to the agenda item). Ms. Landers stated that there have been more expenses this year and asked if there are sufficient funds in the SD&AE account to pay some of the Desert Line expenses; i.e., travel, outside consultants, etc. Ms. Dunn clarified that the amended budget for MTS has those expenses coming out of SD&AE reserves. Ms. Landers added that there may also be expenses in FY 19 related to a legal case.

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 second quarter of 2018 (attached to the agenda item).

Mr. Jablonski stated that Fernando Beltran with Baja Railroad (BJRR) told him about a possible diesel-shipping deal with suppliers, and he asked if that is on the horizon. Mr. Gooch replied that BJRR is optimistic but it will depend. He explained that one car crossed a couple of weeks ago; however to date, no companies have signed up to transport gas by rail. Discussion ensued about current and potential business and commodities via rail versus other modes of transportation.

Mr. Domen informed Mr. Jablonski that Palomar Siding is open and operational. Wayne Terry, MTS Chief Operating Officer (Rail), added that the FRA testing has not been finished, but the track work and signaling are functional. He stated that PRE has to do some additional work and

then the FRA will be scheduled to conduct witness testing. Mr. Terry will follow up on the current status (see additional comments made under Agenda Item No. 7 Board Member Communications).

Action Taken

Informational item only. No action taken.

4. Report on Pacific Southwest Railway Museum Operations

Diana Hyatt reviewed the Pacific Southwest Railway Museum (PSRM) report for the second quarter of 2018 (attached to the agenda item). Ms. Hyatt clarified that the recent fires did not affect the Campo Depot. She also stated that PSRM has been doing its weed abatement in house. Ms. Hyatt clarified that Cal Fire does its own aerial inspections—without notifying PSRM—and PSRM operates on the assumption that there are no issues if Cal Fire does not contact PSRM. She added that Cal Fire also gave PSRM a waiver for its locomotive that is used for train rides.

Action Taken

Informational item only. No action taken.

5. Report on the Desert Line

There were no representatives from BJRR present at the meeting. Ms. Landers gave a verbal report. She stated that MTS staff is working with Customs and Border Protection on siting a customs facility, and it's getting closer to the substantive phase. Ms. Landers and Ms. Hyatt are going to meet to discuss comments from PSRM. Ms. Landers went on a tour on June 28 beginning at the border in San Ysidro with Customs, Border Protection, and the Rail Director from Washington DC. They viewed the existing crossing and then went to Campo where they hi-railed out and walked the tunnel. The same was done with the SAT group on the Mexico side. Ms. Landers said that it was a good, productive meeting with a lot of cooperation and collaboration between the agencies.

Ms. Landers stated that there is a meeting scheduled in August with Union Pacific and BJRR to bring them up to speed on the project. Environmental review and analysis must still be done, and the emphasis will be to make sure that BJRR has the right people to do that work because, if not, it could delay the project. Dan Davis will also have to review and approve any of the work required. BJRR has had contractors surveying the line, but there is no new, updated formal construction plan for Mr. Davis to review. Ms. Landers clarified that BJRR is financially responsible for the construction, and there is no actual time line for completion at this point.

Action Taken

Informational item only. No action taken.

6. Real Property Mattersa. Summary of SD&AE Documents Issued Since July 10, 2018

Tim Allison reported that since the April 10, 2018, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-18-680: Right of Entry Permit to Navy Region Southwest Morale, Welfare and Recreation Department for the Navy's Annual Bay Bridge Run / Walk event.
- S200-18-681: Right of Entry Permit to San Diego County Bicycle Coalition for the Bike to Bay event.
- S200-18-682: Right of Entry Permit to the City of La Mesa for the Annual Flag Day Parade.
- S200-18-683: Right of Entry Permit to S & B Engineering, Inc. to repair a drainage pipe near the I-8 bridge crossing in El Cajon west of Chase Avenue.

Ms. Landers stated that she will be drafting a formal agreement with SDG&E for MTS billboards that are on SDG&E property near the Blue Line.

Action Taken

Informational item only. No action taken.

7. Board Member Communications

There were no Board member communications.

- Follow-up comments regarding Agenda Item No. 3

Mr. Terry stated that the absolute block was an overlay to the new Siemens signaling system on the Blue Line. He said that MTS has the signal prints and is reviewing them with the contractor. The FRA witness testing will most likely be conducted by the end of month. This will require operating a freight train through the absolute block from San Ysidro to the Palomar Siding. Once that's complete, submission can be made for final approval by the FRA—possibly by the end of August. Mr. Terry added that it should be a fairly simple approval.

Mr. Domen asked about the status of the track on Hill Street on the Orange Line. Ms. Landers responded that construction easements on the neighboring properties are being finalized so as to move forward with construction. She anticipates that construction will begin in the next several months. Mr. Terry will contact Mr. Domen with an update.

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, October 9, 2018.

10. Adjournment

The meeting was adjourned at 9:25 a.m.



President




General Counsel