

MINUTES

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

October 8, 2019

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 8, 2019, at 9:00 a.m.

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

San Diego Metropolitan Transit System (MTS): Tim Allison, Shiela Dilayre, Karen Landers
Baja California Railroad (BJRR): Jorge Izquierdo
Pacific Southwest Railway Museum (PSRM): Diana Hyatt

1. Approval of Minutes

Mr. Terry moved to approve the Minutes of the April 9, 2019, SD&AE Railway Board of Directors meeting. (The July 9, 2019, meeting was cancelled.) Mr. Gooch seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Ms. Dilayre reviewed the Statement of Railway Finances for the period ending August 2019 (attached to the agenda item).

Action Taken

Informational item only. No action taken.

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

Mr. Gooch reviewed the SD&IV Periodic Report for activities for the third quarter of 2019 (attached to the agenda item). He explained that the decrease in freight volumes was due to trade wars, competition in ethanol shipping, and flooding in the Midwest that impacted rail operations.

Action Taken

Informational item only. No action taken.

4. Report on Pacific Southwest Railway Museum Operations

Ms. Hyatt distributed and reviewed the Pacific Southwest Railway Museum (PSRM) report for the quarter of 2019, and a copy is attached. Ms. Hyatt invited everyone to attend the Gold Spike ceremony on November 16, 2019. There will be a lot of activities all day to commemorate 100 years of the railroad. It is hoped that the Governor of Baja will attend.

Ms. Landers added that she included a link (<https://www.psrn.org/centennial-day>) from PSRM's web site to the flyer in an MTS Board report that she presented last month regarding the status of the Desert Line lease.

Ms. Hyatt stated that it has been very helpful to have MTS promote the event by agreeing to place ads on bus benches. Ms. Hyatt will send a copy of the event's flyer to MTS Marketing Director Rob Schupp to get the word out on MTS social media platforms. The event will also be featured on KUSI News on Friday.

Mr. Terry asked about the status of the Museum's acquisition of the vintage cars. Ms. Hyatt responded that Jim Lundquist was getting quotes. Mr. Terry stated that MTS staff showed Mr. Lundquist the cars several months ago but have not heard back since. Ms. Hyatt will speak with Andy Goddard, MTS Superintendent of LRV Maintenance, and then follow-up with Mr. Terry.

Action Taken

Informational item only. No action taken.

5. Report on the Desert Line

Mr. Izquierdo gave a verbal report. He stated that there have been no operations on the Desert Line. On August 15, there was a site visit with Customs and Border Patrol (CBP) authorities, the State Department, US Border Patrol, MTS (represented by Ms. Landers), and NII vendors. Mr. Izquierdo stated that BJRR has updated its plans for the Customs Inspection Facility for CBP, and CBP's input is pending. On the Mexican side, SAT authorities have complied with the customs development, and BJRR is awaiting CBP's input.

Ms. Landers added that it was a great meeting with CBP and its nonintrusive inspection (NII) vendors. The NII vendors determined that they could build a facility at the primary location at the border, which is CBP's preferred alternative. The wait now is for the vendors to submit their proposals to BJRR with general budget numbers and the feasibility of building the vendors' specific equipment at the location. Ms. Landers has received two proposals and forwarded them to BJRR. BJRR is funding the program and can decide which vendor to go with for formal approval by CBP. Ms. Landers added that environmental reviews must be completed before work can begin, which can cause significant delays to a project.

Ms. Hyatt voiced concern regarding the footprint for the facility and how it will affect the Museums' operations and parking. Mr. Izquierdo responded that the footprint is still the same as in the original mapping. Ms. Hyatt stated that she was never provided the original mapping.

Ms. Landers stated that most of the operations in the plan will be south of the Campo Depot. The original plan showed using the Yard south of the Campo Depot and some tracks north of the Campo Depot in the Museum's area. Those are the areas where a potential facility could impact the Museum's operations. Ms. Landers stated that there will need to be room to move cars at the Campo Depot and also for a building.

Per Ms. Landers' request, it was agreed that Mr. Izquierdo will set up a meeting with BJRR and the Museum to work together so that the plans include incorporation of the Museum's activities. Mr. Izquierdo will get a copy of the most recent plans to Ms. Hyatt, and they will work together going forward to maintain access and eliminate any safety issues.

Ms. Hyatt noted that in the past, operators have filled up the house track (which is the first track next to the Campo Depot) so that people can't get to the Museum's train because it is a half a mile away in each direction, and they can't go under cars or jump over couplers. Ms. Landers responded that BJRR and the Museum will have to work together to figure out how to make it work operationally.

Action Taken

Informational item only. No action taken.

6. Real Property Matters

a. Signature Authority for the President of SD&AE

Mr. Allison explained that MTS has a very flexible signature policy for processing certain types of noncontroversial contracts, which can be signed by the CEO. However, SD&AE contracts must first go to the SD&AE Board and then on to the MTS Board for ratification. This signature authority process for SD&AE contracts adds another four months to getting those contracts approved. Therefore, staff is seeking to mimic the signature authority that the CEO of MTS has so that the President of SDAE has that same authority. This would include authorizing revenue or expenditure real estate contracts that are \$100k or less.

Mr. Allison stated that any contracts that need Board input, such as large land acquisitions, disposals, or controversial projects that might impact operations would be presented to the SD&AE Board. Simple agreements, such as a new fiber line for an aerial crossing, could be signed by the SD&AE President without going to the SD&AE Board or MTS Board for ratification to save time.

Mr. Allison referenced the attached MTS Board Policy No. 41 *Signature Authority*, which outlines the signature authority granted to the MTS CEO for signing certain contracts on behalf of the MTS Board of Directors. Approval of this action today would grant those same authorities to the SD&AE President. Mr. Allison confirmed that those agreements would be reported quarterly to the SD&AE Board and then to the MTS Board as is done currently in the Summary of SD&AE Documents Issued (see SD&AE Agenda Item 6b).

Ms. Landers clarified that there are certain properties that MTS owns through the SD&AE entity, and contracts for those properties are presented to the SD&AE Board. Property matters for property owned solely by MTS are only presented to the MTS Board. A report is issued to the MTS Board at each meeting listing all documents that are executed and signed by the CEO under Policy No. 41 and that are under \$100k. Ms. Landers cited examples of documents that the CEO has the authority to execute, such as certain leases, licenses, easements, and grants valued at \$100,000 or below both for revenue and expenditure documents.

Ms. Landers also clarified that MTS Board Policy No. 12 *Ownership and Operation of the San Diego and Arizona Eastern Railway Company* does allow the MTS CEO to grant certain right of entry activities that are considered routine that do not impact operations. Ms. Landers stated that she will be revising that policy and also looking at the SD&AE Board makeup.

Mr. Gooch asked how staff would determine whether the impacts of any SD&AE-related requests would require SD&AE and MTS Board review. Mr. Allison responded that minor easements, contracts, or license requests that do not have impacts to construction would be the types of agreements that could be signed by the President to streamline the process opposed to the present process which takes four months to get authorization. Mr. Terry stated that it will also be much more efficient in day-to-day operations. Ms. Landers added that approval of this item would not eliminate any of the engineering reviews.

Action Taken

Mr. Gooch moved to approve authorizing signature authority to the SD&AE President to execute any and all real estate-related documents in the same manner as is delegated to the CEO of MTS as outlined in MTS Board Policy No. 41 *Signature Authority*. Mr. Terry seconded the motion, and it was unanimously approved.

b. Summary of SD&AE Documents Issued Since April 9, 2019

Mr. Allison stated that since the April 9, 2019, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff. (The July meeting was cancelled.) Ms. Landers added that right of entry permits were previously delegated to staff to execute and going forward, easements, contracts, and license agreements under \$100k and signed by the SD&AE President per the prior action taken in Agenda Item 6a will also be reported under the summaries of SD&AE documents issued prior to the meeting.

Mr. Allison clarified that the Purchase and Sale Agreement with the United States of America was previously brought to the SD&AE Board and approved, and it will continue to be brought to the Board.

- S200-19-695: Right of Entry Permit to HP Communications to construct an underground telecommunications line at 32nd Street and Imperial Avenue in the City of San Diego.
- S200-19-699: Right of Entry Permit to AT&T California to construct an underground fiber-optic line southeast of Smythe Avenue in the City of San Diego.
- S200-19-702: Purchase and Sale Agreement with the United States of America for purchase of right-of-way and grant of easement at San Ysidro in the City of San Diego.
- S200-19-703: Right of Entry Permit to Urban Corps of San Diego County for graffiti removal between Beardsley and Cesar Chavez Parkway in the City of San Diego.
- S200-19-704: Right of Entry Permit to Tetra Tech, Inc. to repair monitoring wells west of 32nd Street in the City of San Diego.
- S200-19-705: Right of Entry Permit to Century Link to construct an underground fiber-optic line at Cesar Chavez Parkway in the City of San Diego.

- S200-19-706: Right of Entry Permit to the City of La Mesa for its Flag Day Parade.
- S200-19-711: Right of Entry Permit to HP Communications, Inc. for pole-anchor installations at Dorothy Street in the City of Chula Vista.
- S200-20-712: Right of Entry Permit to Urban Corps of San Diego County for graffiti abatement in the City of El Cajon.
- S200-20-713: Right of Entry Permit to Ortiz Corporation to construct a water pipeline at 30th Street in the City of San Diego.
- S200-20-715: Right of Entry Permit to Superior Ready Mix Concrete L.P. for sidewalk improvements at 28th Street in the City of San Diego.
- S200-20-717: Right of Entry Permit to Old Town Trolley Tours of San Diego for shuttle services at H Street Trolley Station for Chula Vista Harbor Days.
- S200-20-720: License to Pacific Bell Telephone Co. dba AT&T California for an aerial fiber line at Hill Street in El Cajon.

Action Taken

Informational item only. No action taken.

7. Approval of the 2020 SD&AE Board of Directors Meeting Schedule

Ms. Landers confirmed with Board members that there were no conflicts with the proposed meeting schedule for 2020.

The following meeting schedule is recommended for 2020:

Tuesday, January 14, 2020	9:00 a.m.	(Fourth Quarter 2019 Reports)
Tuesday, April 7, 2020	9:00 a.m.	(First Quarter 2020 Reports)
Tuesday, July 7, 2020	9:00 a.m.	(Second Quarter 2020 Reports)
Tuesday, October 6, 2020	9:00 a.m.	(Third Quarter 2020 Reports)

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

Materials Due to Clerk:

Wednesday, January 8, 2020
 Wednesday, April 1, 2020
 *Tuesday, June 30, 2020
 Wednesday, September 30, 2020

Materials Posted:

Friday, January 10, 2020
 Friday, April 3, 2020
 Thursday, July 2, 2020
 Friday, October 2, 2020

Action Taken

Mr. Gooch moved to approve the 2020 SD&AE Board of Directors meeting schedule. Mr. Terry seconded the motion, and it was unanimously approved.

8. Board Member Communications

Mr. Terry stated that the FRA was provided with all of the procedures on the absolute block between San Ysidro and Palomar siding. The FRA has witnessed the testing. Mr. Terry is awaiting an approval letter from Chad Tisdale with the FRA at which time the DC attorneys will be consulted to submit the letter as part of the FTA Temporal Separation Waiver. He anticipates that this will happen soon.

Mr. Terry clarified for Ms. Landers that track removal from Cleveland Street has been completed, and F Street has been completed up to the wye. Mr. Allison added that will be impacted by Chula Vista's streetscape project.

9. Public Comments

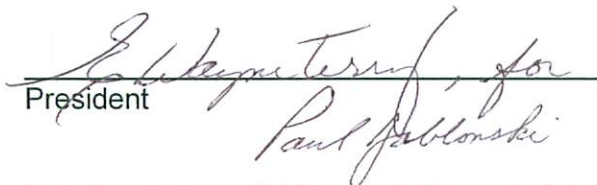
There were no public comments.

10. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on Tuesday, January 14, 2020.

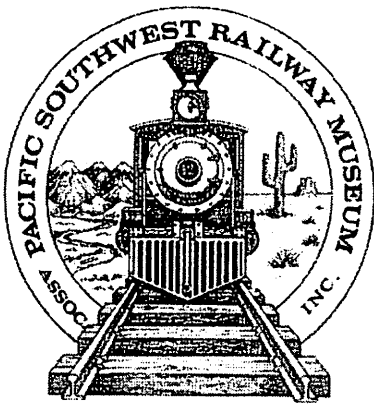
11. Adjournment

The meeting was adjourned at 9:30 a.m.


President


General Counsel

Attachment: PSRM Quarterly Report (distributed during the meeting)



Handout at the 10/8/2019 SD&AE BOD Meeting

Pacific Southwest Railway Museum
La Mesa Depot 4695 Nebo Drive La Mesa, CA 91941 619-465-7776

October 7, 2019

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

Re: Second & Third Quarter calendar year 2019

Dear SD&AE Board:

During the second and third quarter of 2019 and utilizing all volunteer crews, the Pacific Southwest Railway Museum operated 140 Golden State trains, 61 Valley Flyer trains and 3 School trains, carrying a total of 3,680 passengers during 55 operating days. There were no FRA reportable accidents or injuries during the second or third quarter, 2019. Earned revenue from SD&AE property for the second quarter, 2019 was \$41,847 and our check for \$836.94 was mailed previously. Earned revenue for the third quarter, 2019 was \$19,868.02 and our check for \$397.36 is enclosed.

Ongoing track maintenance and tie renewal along the railroad right of way continued during the second and third quarters of the calendar year 2019. Additionally, PSRM continues to maintain both signalized railroad crossings within our right of way limits with PSRM signal maintainers performing the monthly, quarterly and annual inspections.

Please mark your calendars and plan on joining us at our Gala Dinner Friday, November 1, 2019 in Coronado and on Saturday, November 16, 2019 for SD&A Centennial Day in Campo. We welcome and encourage the participation of members of the SD&A board and key personnel of MTS as honored guests at both events. We are excited to announce a collaboration with the California State Railroad Museum that will allow PSRM to borrow the SDAE MW 1004 firetruck and exhibit it at Gold Spike day and for one year afterwards. More information on the Centennial celebration can be found on our website at: psrm.org/centennial/

Sincerely,

Diana Hyatt
President