

MINUTES

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

October 5, 2021

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 5, 2021, at 9:00 a.m.

The following persons, constituting the Board of Directors, were present: Wayne Terry, Matt Domen, and David Franklin Jr. Also in attendance were members from:

San Diego Metropolitan Transit System: Karen Landers, Craig Auker
Pacific Southwest Railway Museum: Diana Hyatt

1. Approval of Minutes

Mr. Domen moved to approve the Minutes of the July 13, 2021, SD&AE Railway Board of Directors meeting. Mr. Terry seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Craig Auker, MTS Accounting Manager, reviewed the Statement of Railway Finances 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. Domen reviewed the SD&IV Periodic Report for activities for the third quarter of 2021 (attached to the agenda item).

Action Taken

Informational item only. No action taken.

4. Report on Pacific Southwest Railway Museum Operations

Ms. Hyatt reviewed the Pacific Southwest Railway Museum (PSRM) report for the third quarter of 2021 (hand-out attached). Ms. Hyatt informed members that Gabe Zorbas, incoming PSRM Vice President, will represent PSRM in any future meetings that she is not able to attend.

Ms. Hyatt clarified that the estimated cost to replace batteries in the signalized railroad crossings is currently \$16,280. PSRM requested that MTS use any available Caltrans funds (as was done in the past) to contribute to the costs associated with signal maintenance. Ms. Landers responded that staff will research the request and get back to Ms. Hyatt. Ms. Hyatt

agreed to forward all of the relevant information to Ms. Landers so she can review it and consult with MTS to look into options.

Action Taken

Informational item only. No action taken.

5. Report on the Desert Line

Ms. Landers stated that there is no new information to report since the last meeting. She reiterated that after a year-long mediation process with Baja Railroad (BJRR), the lease was terminated as the parties were unable to reach a resolution. Ms. Landers stated that the plan is to schedule a hi-rail trip to view the state of the line. Ms. Landers has been working with Caltrans and SANDAG to look at doing a study of this project and possibly requesting public funding.

Action Taken

Informational item only. No action taken.

6. Real Property Matters

Summary of SD&AE Documents Issued Since July 13, 2021

Ms. Landers stated that since the July 13, 2021, SD&AE Railway Company Board of Directors meeting, the documents described below have been processed by staff.

- S200-22-768: Right of Entry Permit to United States Customs & Border Protection Agency to access SD&AE property to install a barrier at the northern entrance of the Desert Line railroad crossing tunnel.
- S200-22-769: Right of Entry Permit to Clear Channel Outdoor, LLC to perform billboard maintenance at various locations within SD&AE railroad right-of-way.
- S200-21-759: Right of Entry Permit to Kimley-Horn and Associates, Inc. to perform visual inspections at 8th Street in the City of National City.
- S200-21-725: License Agreement to AT&T to install aerial fiber at railroad milepost DL 61.87.
- S200-21-724: License Agreement to AT&T to install aerial fiber at railroad milepost DL 85.92.
- S200-21-723: License Agreement to AT&T to install an underground fiber facility at railroad milepost DL 85.92 (Campo Depot).

Ms. Landers added that an emergency permit was issued yesterday to US Customs and Border Protection (CBP) to install a barrier at the northern entrance of the Desert Line railroad tunnel. CBP was experiencing a significant number of crossings at that location and was concerned about safety if people made it through the tunnel and onto the railroad bridge. Ms. Landers stated that MTS has the right terminate the permit if it impacts operations.

Action Taken

Informational item only. No action taken.

7. San Diego and Arizona Eastern Railway Company Board of Directors Meeting Schedule – Amendment to the Bylaws to Hold One Annual Board of Directors Meeting Per Year

Ms. Landers stated that the SD&AE Bylaws requires that the SD&AE Board of Directors meet quarterly each year. She is proposing to amend Section 3.06 of the Bylaws to hold a minimum of one annual Board of Directors meeting each October, which would allow MTS Finance staff to report on the final fiscal year budget results. The SD&AE Board would also have the option to notice and schedule meetings regarding special matters in addition to the annual meeting.

The following language reflects the proposed amendment to the Bylaws:

Section 3.06. A ~~Regular~~ meetings of the Board of Directors shall be held at least ~~quarterly~~ annually on the second Tuesday of October each year, or on another date in October at the request of the Board Chair. Regular and special meetings shall take place at the MTS headquarters located at 1255 Imperial Avenue, 10th Floor, San Diego, or via a publicly accessible virtual format. ~~at any place within or without the State of Nevada which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. In the absence of such designation, regular meetings shall be held at the principal office of the Corporation. Special meetings of the Board may be held either at a place so designated or at the principal office.~~

Mr. Terry agreed with Ms. Landers' amendment to the Bylaws and added that staff works directly with outside personnel on daily matters regarding SD&AE property that do not need to go to the SD&AE Board of Directors prior to action. Mr. Domen and Mr. Franklin were also in agreement with the amendment.

Action Taken

Mr. Domen moved to approve an amendment to the *Meetings Section 3.06* of the "Bylaws of the San Diego & Arizona Eastern Railway Company" to require one annual SD&AE Board of Directors meeting per year and to update the location of such meetings. Mr. Terry seconded the motion, and it passed unanimously.

8. Board Member Communications

Mr. Terry welcomed Mr. Franklin to the SD&AE Board.

9. Public Comments

There were no public comments.

10. Next Meeting Date

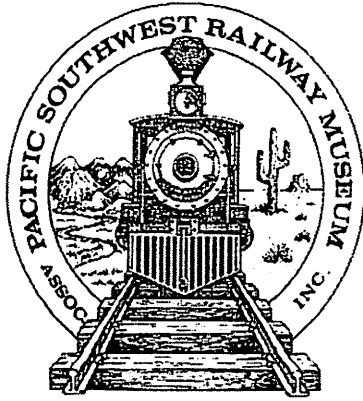
The next meeting date of the SD&AE Railway Company Board of Directors will be scheduled on Tuesday, October 4, 2022.

11. Adjournment

The meeting was adjourned at 9:18 a.m. [Editor's note: This meeting was later rescheduled to 10/27/2022]


Chairperson
Attachment: PSRM handout - Quarterly Report


General Counsel



Pacific Southwest Railway Museum

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

October 4, 2021

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

Re: Third Quarter 2021

Dear SD&AE Board:

During the third quarter of 2021 and utilizing all volunteer crews, the Pacific Southwest Railway Museum operated 104 Golden State passenger trains and 10 Sunset Specials carrying a total of 1,558 passengers during 25 operating days. There were no FRA reportable accidents or injuries during the third quarter, 2021. Earned revenue from SD&AE property for the third quarter, 2021 was \$30,509.57 our check for \$610.19 is enclosed.

1,558 passengers during the third quarter of 2021
250 passengers during the third quarter of 2020
1,073 passengers during the third quarter of 2019
1,021 passengers during the third quarter of 2018
822 passengers during the third quarter of 2017

There were no special event trains operated during the third quarter but pre-sales are now open for October's Pumpkin Express trains which will operate every weekend from October 9th through the 31st as well as the Christmas holiday's North Pole trains which will operate every Friday and Saturday evening from November 26th through December 18th.

PSRM continues to maintain both signalized railroad crossings within our right-of-way limits; PSRM signal maintainers perform the monthly, quarterly and annual inspections regularly. Additionally, the ten year inspection was completed during this quarter. The batteries in both crossings will need to be replaced soon and each crossing's set of batteries will cost an estimated \$2,500. PSRM would like to inquire as to whether there may be CalTrans funds available for this expense, as several years ago, funds were advanced to PSRM to assist in signal maintenance expenses.

ATTACHMENT TO SD&AE DRAFT MEETING MINUTES
OF 10/5/2021

Other right-of-way maintenance performed this quarter includes hiring a professional weed spraying company to mobilize at Campo and spray the right of way from MP 61.5 to MP 66.77. A separate vegetation control and maintenance contractor was hired to physically remove the weeds from MP 60 at Division to MP 66.77 at the Campo Creek trestle. Later this year, the weed sprayer will return to spray pre-emergent from Division to Campo.

Bridge work was the focus of this quarter and both the steel deck girder bridge at MP 60.08 at Division, and the much smaller, steel deck girder bridge at MP 65.27 received attention. The east end bridge abutment on the Division bridge was backfilled with ballast and the abutment support structure reinforced. Specialized epoxy and applicator tools were purchased at great expense for repairs to the poured concrete abutments on the beam bridge at MP 65.27. Scaffolding was erected underneath the bridge and several work days were spent filling in the cracks in the poured concrete and allowing the epoxy to cure. Specialized timbers were ordered and installed and the bridge once again has walkways and handrails on both sides. These projects were maintenance and repair aspects recommended by the civil engineering firm performing the 2021 annual bridge inspections for PSRM. Further progress towards restoring passenger operations to Division include the completion of the necessary load-ratings on the bridges at MP 60.90 and MP 60.08 and the requisite annual inspections on same.

I would like to take this opportunity to thank the San Diego & Arizona Eastern board and staff as well as the Metropolitan Transit System board and staff for entrusting the care of this portion of the Desert Line to the Pacific Southwest Railway Museum. We appreciate the opportunity and we take our responsibility seriously. It is our intent to continue preserving and interpreting railroad history and the San Diego & Arizona Railway for future generations to enjoy. I would like to extend an invitation to all members of the SD&AE and MTS to visit the museum at Campo and experience for yourself what we do. Please e-mail me at dhvatt@psrm.org for arrangements.

Sincerely,



Diana Hyatt
President

Enc.