

MINUTES

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

October 8, 2024

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, 2024, at 9:05 a.m. via Zoom and in person.

The following persons, constituting the Board of Directors, were present: Brian Riley, Matt Domen, and David Franklin, Jr. Others in attendance were members from:

San Diego Metropolitan Transit System: Erin Dunn, Karen Landers, Sean Myott
Pacific Southwest Railway Museum: Stephen Hager

1. Approval of Minutes

Mr. Domen moved to approve the Minutes of the October 17, 2023, SD&AE Railway Board of Directors meeting. Mr. Riley seconded the motion, and it was unanimously approved.

2. Statement of Railway Finances

Ms. Dunn reviewed the Statement of Railway Finances for the fiscal year ending June 30, 2024 (attached to the agenda item). Ms. Dunn noted that the anticipated FY 24 revenue is approximately \$4,000 ahead of budget primarily due to the new billboard lease that was effective November 1, 2023. Operating expenses were \$87,000 favorable to budget primarily due to new expenses for outside services and risk management costs coming in lower than budgeted in prior years. Ms. Dunn added that the net income for the fiscal year was \$171,000.

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 4th Quarter of 2023 & 1st Quarter of 2024 (attached to the agenda item).

Action Taken

Informational item only. No action taken.

4. Report on Pacific Southwest Railway Museum Operations (Stephen Hager)

Mr. Hager reviewed the Pacific Southwest Railway Museum (PSRM) report for the 4th quarter of 2023 and 1st quarter of 2024 (attached to the agenda item).

Action Taken

Informational item only. No action taken.

5. Report on the Desert Line (Karen Landers)

Ms. Landers gave an update on the Desert Line. Ms. Landers reminded the Board that MTS staff reached out to Caltrans a couple of years ago about Caltrans conducting a feasibility study on the future of the Desert Line. Ms. Landers noted that attempts in the past by private investors have been unsuccessful in planning for a viable line and it became apparent that a significant investment of public funds would be required to study and plan to revive the Desert Line infrastructure in a safe, working condition.

Ms. Landers stated that the public benefit must also be weighed to determine if the project is worth the level of public investment needed. This would involve finding a partner agency and following and carrying out a multitude of government rules. MTS reached out to SANDAG and Caltrans and the next phase would be for a partner agency to conduct a study and analysis.

Ms. Landers stated that the project is in the first phases for SANDAG or Caltrans to get a planning grant. This would allow them to do a feasibility study. HNTB has been hired to conduct a market feasibility study and a public benefit analysis. HNTB is in the fact-finding stage currently engaging with stakeholders in the U.S. and Mexico about the market and type of traffic—such as border-wait times, truck-travel times, vehicles, miles traveled, etc.

Ms. Landers stated that HNTB is also doing a high-level budget cost estimation. Ms. Landers added that she informed HNTB that the condition of the Desert Line has deteriorated since the previous condition reports in 2012. She noted that the plan is to do some drone flights with newer technology than from 12 years ago to try to understand the magnitude of what it would take to rebuild the line. A lot of things would have to fall into place to be able to complete this project and a lot of decisions would have to be made based on real information to determine if the money should be spent on this project.

Ms. Landers reported that HNTB started in July 2023 and it is supposed to take about 12 to 18 months to complete the analysis and we should know more then. Ms. Landers will connect HNTB with SD&IV and Museum personnel to get feedback from the operators about their input and needs related to the rehabilitation of the Desert Line. Ms. Landers also suggested to HNTB that they contact Baja Rail.

Ms. Landers reported that she and staff went out on the line with Rail staff who had tried to clear the track prior to her arrival; however, she noted that they derailed 10 times during her visit. Ms. Landers suggested to HNTB that they reach out to Dan Davis who previously conducted the bridge analysis. She reiterated that the project could be in the tens of millions of dollars and the public benefit analysis would have to be weighed.

Action Taken

Informational item only. No action taken.

6. Real Property Matters (Sean Myott)➤ Summary of SD&AE Documents Issued Since October 17, 2023

Sean Myott stated that since the October 17, 2023, SD&AE Railway Company Board of Directors meeting, the documents listed by bullet points below have been processed by staff. Mr. Myott stated that the majority of the work was for third-party infrastructure—either on or adjacent to SD&AE property. Mr. Myott also reviewed a few of the agreements listed.

- S200-22-771.1 and S200-22-771.2: Ortiz Corporation Right of Entry Permit Amendment (Time Extensions) to install water pipe beneath the tracks, installation of an additional pipes by cut and cover trenching, and the abandonment of existing pipe beneath tracks at the 69th St crossing.
- S200-22-771.3: Ortiz Corporation Right of Entry Permit Amendment (Time Extension & Additional Scope) to install water pipe beneath the tracks, installation of an additional pipes by cut and cover trenching, and the abandonment of existing pipe beneath tracks at the 69th Street crossing and additionally perform curb improvements.
- S200-23-791.2: Transtelco Inc. Right of Entry Permit Amendment (Time Extension) to repair potholing related to the replacement of existing fiber from Sigsbee Street and Harbor Boulevard to San Ysidro.
- S200-23-795.1: Griffith Company Right of Entry Permit Amendment (Time Extension) to install bridge falsework to protect the MTS tracks and appurtenances during the Caltrans El Cajon Bridge demolition and reconstruction.
- S200-23-803: Affirmed Housing Group, Inc. Exclusive Negotiating Agreement (ENA) for a Transit-Oriented Development at Spring Street Station.
- S200-23-825: West Coast General Group Right of Entry Permit to perform street and curb improvement work as part of the new bike pathways along Beyer Blvd. as part of SANDAG's Border to Bayshore Bikeway project.
- S200-23-825.1: West Coast General Group Right of Entry Permit Amendment (Additional Scope) to perform street and curb improvement work as part of the new bike pathways along Beyer Blvd. as part of SANDAG's Border to Bayshore Bikeway project and additionally to remove and replace MTS ROW chain-link fence, asphalt, concrete, and curb on Beyer Blvd. near Precision Park Lane.
- S200-24-829: Peregrine Energy Storage, LLC License for an underground transmission line at Sampson Street for the right to construct, install, inspect, use, operate, maintain, repair, replace, modify, and remove one 230kV generator-tie transmission line.
- S200-24-830: Sweetwater Authority Right of Entry Permit to repair a 16" underground water valve at F Street.

- S200-24-834: The Fishel Company Right of Entry Permit to perform asphalt trenching to place conduit for fiber in the public right of way along Hollister Street adjacent to the Palm Street crossing.
- S200-24-836: GC Fence Corporation Right of Entry Permit to install a guardrail near the Spring Street and University Avenue crossing.
- S200-24-839: KTA Construction Inc. Right of Entry Permit to replace a sewer and water main along 19th Street and Commercial Street.
- S200-24-840: Railworks Track Services, LLC Right of Entry Permit to perform track maintenance on behalf of the PSRMA on the Desert Line between MP 66.7 and MP 61.6 in Campo, CA.
- S200-24-841: NOVA Services, Inc. Right of Entry Permit to perform geotechnical borings at Spring Street Station on behalf of Affirmed Housing L.P.
- S200-24-842: EPC Services Right of Entry Permit to construct an underground transmission line at the Sampson Street crossing.
- S200-24-842.1: EPC Services Right of Entry Permit Amendment (Time Extension) to construct an underground transmission line at the Sampson Street crossing.
- S200-24-843: Pacific Drilling Company Right of Entry Permit to perform drilling of boreholes as part of a slope and drainage improvements project located north of the San Ysidro railyard on the southwest facing embankment of the rail line located east of Beyer Boulevard.
- S200-24-844: SANDAG Right of Entry Permit to perform outreach regarding for the Transit Subsidy Survey at various transit centers.
- S200-24-846: Caltrans Right of Entry Permit to conduct in person and aerial drone site investigations of the Sweetwater Marsh and Marisma de Nacional Marsh for the Federal Fish and Wildlife Service.
- S200-24-847: San Diego & Arizona Eastern Railroad Grant Deed transferring four SD&AE parcels to MTS to facilitate a DDA with National CORE for the Plam Avenue Trolley Station Transit-Oriented Development.
- S200-24-848: Blue Pacific Engineering & Construction Inc. Right of Entry Permit to perform civil improvements that include sidewalk construction, lighting improvements, and landscaping improvements as part of the City of Lemon Grove's Connect Main Street Project.
- S200-24-849: San Diego Unified Port District Right of Entry Permit to temporarily install traffic sensors onto MTS catenary poles (approx. 4 months) at the 28th Street and Harbor Drive and Cesar Chavez and Harbor Drive crossings as part of a vehicle route enforcement pilot program for semi-trucks leaving the Tenth Avenue Marine Terminal.

- S200-24-851: Nu Line Technologies Right of Entry Permit to perform sewer-line cleaning and manhole rehabilitation activities at Campo Rd. and Forest Gate Rd.
- S200-24-852: Cox Communications Right of Entry Permit to replace underground equipment located near Beyer Blvd. and Dairy Mart Rd.
- S200-24-853: SANDAG Right of Entry Permit to perform outreach for the planned improvements to the San Ysidro Transit Center.
- S200-24-854: Commander, Navy Region Southwest, Morale, Welfare and Recreation (MWR) Right of Entry Permit for Navy's Annual Bay Bridge Run/Walk to cross over MTS Trolley tracks at Harbor Drive and Cesar Chavez Boulevard.
- S200-24-857: Life Sports Foundation Right of Entry Permit for the 2024 Campagnolo Gran Fondo San Diego bike event to cross over railroad tracks at 8th Street, Palomar Street, and Gunpowder Point Drive.
- S200-24-859: Wyyerd Group Right of Entry Permit to install a new aerial fiber line from an existing utility pole near F Street west over the MTS tracks and Interstate 5 to an existing pole near Bay Blvd.
- S200-24-861: Blue Pacific Engineering & Construction Inc. Right of Entry Permit to install a curb ramp and foundation for a pedestrian crossing at the El Cajon Transit Center.
- S200-24-863: Aguirre & Associates Right of Entry Permit to obtain survey data for the existing OCS cables and SDG&E transmission wire for the 24th Street Trolley Pedestrian Bridge Feasibility Study for the City of National City at the 24th Street Trolley Station.
- S200-24-864: San Diego Bicycle Coalition Right of Entry Permit to allow participants of the Bike the Bay bike event to cross over railroad tracks at various locations on the Blue Line (south line) and Coronado Branch (located throughout the Bayshore Bikeway).

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, October 14, 2025.

10. Adjournment

The meeting was adjourned at 9:24 a.m.


Chairperson


General Counsel