MINUTES

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

October 14, 2025

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 14, 2025, at 9:00 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 8, 2024, SD&AE Railway Board of Directors meeting. Mr. Franklin 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, 2025 (attached to the agenda item). Ms. Dunn noted that for fiscal year 2025, revenue was favorable to budget by $45,000 and favorable from fiscal year 2024 by $48,000. Operating expenses were up by $15,000 from fiscal year 2024 primarily due to a cleanup of hazardous materials, but were overall still $90,000 favorable. Ms. Dunn added that the net income for the fiscal year was $204,000.

   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 October 2024 through September 2025. (attached to the agenda item).

   Karen Landers, General Counsel, shared that there are upcoming stormwater projects that will be needed in the SD&IV yard and MTS's Environmental Health Specialist will be taking the lead on planning for these projects.

   A public comment was made by Jim Linquist who inquired about the destination of aviation fuel.

   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 2024 and the 1st and 2nd quarter of 2025 (attached to the agenda item).

Karen Landers provided an update on Caltrans feasibility study on the future of the Desert Line. Caltrans and HNTB completed a draft market feasibility and planning cost assessment for the Desert Line in June. Ms. Landers noted the study was intentionally limited in scope due to funding constraints and did not include detailed field surveys or engineering analyses. As a result, Caltrans staff lacked confidence in the cost estimates, believing they were unrealistically low. The study estimated full reconstruction costs between $570 million and $1.2 billion for the 70-mile line, which includes numerous tunnels and bridges. Alternative, lower-cost options ranged from $300 million to $500 million, but those figures were also viewed as overly optimistic given the line's deteriorating condition. Ms. Landers stated the market feasibility found potential freight demand but projected that the minimum viable volume might not materialize until 2050 or later, and only if multiple contingencies were met — such as cooperation between Union Pacific, Baja Rail, and other stakeholders. Caltrans decided not to finalize or publish the report, viewing it as a draft reference that could be revisited in the future if the project gains regional importance. Ms. Landers concluded with the reminder that the study on the Desert Line hasn't been formally presented to MTS's Board of Directors and any future decisions or actions related to the line would require the Board to consider the current status and findings of those studies before proceeding.

Action Taken

Informational item only. No action taken.

5. 6. Real Property Matters (Sean Myott)

Mr. Myott reviewed the report summarizing the SD&AE agreements have been processed since October 8, 2024.

Ms. Landers shared an update on transit-oriented development (TOD) project near the Palm Avenue Station. Ms. Landers stated small strips of right-of-way once owned by SANDAG were transferred to MTS to streamline the ground lease process, coordination with the project's developer and neighboring developments for shared utility line easements are on-going and Infrastructure work began this summer. Ms. Landers added SD&AE's full rail right-of-way has been preserved, for areas that might be needed for future rail expansion.

A public comment was made by Jim Linquist inquiring about who currently owns the property adjacent to the Palm Avenue Station as in years' past there was a house located on the property.

Action Taken

Informational item only. No action taken.

7. Board Member Communications

There were no Board member communications.

8. Public Comments

A public comment was made by Jim Lundquist. Mr. Lundquist inquired about the timeline for the Desert Line Feasibility Report to be completed as well as what the desired outcome would be for SD&AE. Mr. Lundquist also commented that he was pleased to see the long awaited upgrades to the leased PSRM's Campo property of a gate, fencing and a driveway. Mr. Lunquist requested a meeting to discuss an opportunity of rail bikes that was presented to the PSRM.

A public comment was attempted by caller Micael Bayer by phone. Mr. Bayer experienced technical difficulties and was unable to connect. Mr. Bayer provided a written public comment via email. The written comment is provided in the October 14, 2025 Final Meeting Packet.

9. Next Meeting Date

The next meeting of the SD&AE Railway Company Board of Directors is on Tuesday, October 13, 2026.

10. Adjournment

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

/s/ Brian Riley
Chairperson

/s/ Karen Landers
General Counsel