Monthly Client Status Report
For
North Coast Railroad Authority
(NCRA)

December 2015

Prepared by Doug Peeters
*as of January 4, 2016

Confidential

Summary

Since the Monetization Phase between Parallel Infrastructure (PI) and the North Coast Railroad Authority (NCRA) began in July 2014, PI has secured eighteen (18) new lease/license agreements totaling $25,789/year, and expects four additional agreements to close in January 2016 for an additional $19,600 per year. NCRA has begun billing on 2nd and 3rd annual rent amounts and can collectively expect a fairly steady stream of revenue to continue throughout this engagement going forward.

As mentioned in previous reports, PI is beginning to encounter prospects that are not willing to enter into an agreement or remove their encroachment(s). A short list is shown below, however, PI is taking additional steps to reach out to the remaining pool of prospects that have not yet responded. 58 proposal letters have been sent out to date, representing ~$108,000/year in revenue. Seventeen (17) parties have responded to the letter, four (4) have resulted in an application being submitted and management approval has been received; five (5) have been referred to legal leaving eight (8) still in negotiations. Legal is in process of preparing a formal policy on how to handle uncooperative parties. The remaining 41 prospects' response (or lack thereof) will determine how PI/NCRA handle going forward.

NCRA has filed suit against AT&T and court proceedings are pending. The Judge overruled AT&T's motion to throw out the lawsuit. AT&T will have to make some big decisions as to whether to keep fighting or make a deal. If/When a verbal agreement is reached, PI will step back in and manage/administer the procurement of the associated agreements, if any. As for PG&E, we have had recent conversations with their representatives and they have delivered their findings to us for review. Internal discussions on payment strategy are taking place and will be delivered to PG&E once settled upon. PI has begun reviewing approximately 22 undocumented crossings by Comcast and will be making contact with them shortly to come to agreement on the use of NCRA R/W.

A couple points of emphasis over the last several months are as follows:

- Discussions on the Old Piedmont Lumber facility have been transitioned to an adjacent business who is interested in covered storage. The Property Committee met on November 20, 2015 and approved PI to move forward with the lease agreement to AG 101, LLC and NCRA board approval was obtained at the December meeting. Mr. Neary has prepared the Lease Agreement on behalf of NCRA and PI has transmitted the Lease Agreement to AG 101, LLC for review and execution. The lease is anticipated to commence February 1, 2016.
- Discussions appear to be at an impasse with Marin Ventures, LLC a Northern California development company interested in erecting two (2) outdoor advertising billboards on either side of Hwy 101 at Ford Road (MP 115.20) in Mendocino County. The property committee met on November 20, 2015, and authorized PI to proceed with negotiating a lease agreement conditioned on resubmitting back to the Property Committee for review and approval prior to proceeding with NCRA Board approval. PI provided a detailed review and comments with lease requirements to Marin to consider on December 7, 2015. Marin has not responded to the comments nor PI's requests for a status update. Prospect may be lost.
- All property owners associated with encroachments discovered during the audit have been provided a detailed License proposal letter with associated exhibit map(s) depicting the encroachment(s), further review of the right of way is continuing in an effort to identify any additional unauthorized uses of NCRA right of way.

Current Account Metrics

	Surface	Utility*	Total
Prioritized Encroachments	179	177	356
Prospects Contacted	202	108	310
Amendments	0	0	0
Closed Opportunities	18	0	18
Annual Revenue Generated	$25,789	0	$25,789

*Category limited to phone, fiber, power, and gas utilities with major companies

Monthly Highlights

New Lease Agreements this Month

Proposed Tenant	Milepost/Location	Stage	Comments / Next Steps
John E. Fetzer/Orci	101.47	Out for Signature	$500.00/yr.
Raymond & Betty Jo Pigoni	77.22	Out for Signature	$600.00/yr.
Duckhorn Wine Company	77.22	Out for Signature	$500.00/yr.
AG 101, LLC	120	Out for Signature	$18,000/yr

Encroachments/Inquiries

Proposed Tenant	Milepost/Location	Stage	Comments / Next Steps
Jackson Family Wines, Inc.	72.62	Negotiating	Negotiating with Attorney
Francis Coppola Winery	76.97	Negotiating	Negotiating with Attorney
Moreno & Company	76.97	Negotiating	Negotiating with Landowner
RER Properties, LLC	119.86	Negotiating	Owner called possibly selling property
Agwood Mill & Lumber, Inc	115.93	Negotiating	Negotiating with Owner
Ferrari-Carano Vineyards	78.56	Negotiating	Received call from property rep. sent follow up letter requesting backup information to support his claims
Marin Ventures, LLC	115.20	Negotiating	Received Application for 2 outdoor advertising signs – Submitted requirements/comments back to Marin
Granite Construction Company	115.73 117.79	Negotiating	Received response from Granite - in Legal review by NCRA

Amendments/Holdover Tenants

Proposed Tenant	Milepost/Location	Stage	Comments / Next Steps
N/A			

Marketing/Outreach Opportunities

Proposed Tenant	Milepost/Location	Stage	Comments / Next Steps
AT&T	116.20	Lawsuit Filed	Judge upheld NCRA's position - pending
MCI Transformer	138.78	Proposal Sent	Proposed lease for Parking/Landscaping

Closed Agreements

Proposed Tenant	Milepost/Location	Stage	Comments / Next Steps
Big Daddy Garden	114.31	Closed	Fully executed and delivered to NCRA
Andrew Lee Burgess	119.48	Closed	Fully executed and delivered to NCRA
Asti & Associates	82.41	Closed	Fully executed and delivered to NCRA
Alpha Analytical	114.5	Closed	Fully executed and delivered to NCRA
Animal Medical Center	70.31	Closed	Fully executed and delivered to NCRA
MacDonald Ltd. Partnership	77.76	Closed	Fully executed and delivered to NCRA
Welch Commercial Properties	70.15	Closed	Fully executed and delivered to NCRA
E&M Electric Machine (Deas Family Trust)	68.32	Closed	Fully executed and delivered to NCRA
Jacquard Products (Rupert, Gibbon, Spider)	69.38	Closed	Fully executed and delivered to NCRA
H&W Vineyards	120.69	Closed	Fully executed and delivered to NCRA
Crofoot Ranch	103.72	Closed	Fully executed and delivered to NCRA
Pine Ridge Winery dba Seghesio Family Vineyards	68.95	Closed	Fully executed and delivered to NCRA
Foley Family Wines	79.60	Closed	Fully executed and delivered to NCRA
Foley Family Wines	79.72	Closed	Fully executed and delivered to NCRA
PG&E	117.66	Closed	Fully executed and delivered to NCRA
Comcast	115.20	Closed	Fully executed and delivered to NCRA
Valentine Vineyards	89.70	Closed	Fully executed and delivered to NCRA
PG&E	72.90	Closed	Fully Executed and Delivered to NCRA

Encroachments – Unable to Convert to Lease/License

Proposed Tenant	Milepost/Location	Stage	Comments / Next Steps
Mike Griggs, Sr (Kari Barcelow)	139.16	Stalled	Griggs indicated will not lease unless nominal and will not cease using until receives cease and desist letter
Cerro Pacific Lumber (Lee Burgess)	122.195	Stalled	Lee Burgess, property owner, refuses to require tenant to move fence and encroachment.
Grant Street Enterprises	68.85	Stalled	Building encroachment on NCRA right of way, NW quadrant of Grant Street. Owner

			Not responding. Recommend NCRA legal review and reach out.
Tim Zimmerer Construction	112.04	No Response	Tim Zimmerer Const. has not removed encroachments despite several attempts to contact and resolve he continues to use R/W has he pleases. Recommend Legal pursue.
Arlen Burpee	122.13	Stalled	Private access road. Mr. Burpee became irate and refused to lease or cease utilization
Superette	119.80	No Response	Using NCRA Right of Way for building encroachment and parking/driveway. Formerly held lease and paid for the land use. Refused to continue paying, not able to get a response to secure new agreement. Recommend NCRA legal contact.
KBarr Daughters, LLC	77.43	Referred to Legal	Claiming Prescriptive rights. Submitted to NCRA counsel for review and response
Kieth Lampson	73.16	Referred to Legal	Attorney for Laura Ann Furlong successor in interest questioned NCRA rights to have them enter into License Agreement. Referred to Legal to review and respond
Max & Joan Schlienger	104.49	Referred to Legal	Max Negotiating directly with NCRA counsel
Flight Rail Corp.	105.26	Referred to Legal	Max Negotiating directly with NCRA counsel
Dennis and Nancy McFarland	119.75	Referred to Legal	Mr. McFarland claims crossing is a public Road.
Granite Construction Company			

NCRA Actions/Open Items

- Prepare for ongoing billings for PI-procured agreements
- NCRA input on proposed third letter to be sent to nonresponding parties

.Parallel Actions/Open Items

- Progress viable negotiations, close leases out for execution, and monitor utility opportunities
- Continue negotiations on prospects that responded to proposal letters
- Follow up with 3rd letter to 40 identified encroaching parties that have received proposals and not responded.

Application Fees Collected

- Twenty-three (23) application fees have been collected for a total of $21,000