

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

December 2016

Prepared by Mike Dannelly
*as of January 6, 2017

Summary

Parallel Infrastructure's (PI's) efforts to optimize NCRA's revenue generating portfolio have been successful in producing an additional \$56,230/annually through twenty-six (26) new agreements, plus an additional \$9,000/one-time pay for three (3) temporary access licenses. Another twenty-five (25) prospects in negotiations that could potentially generate over \$50K in new income.

The vineyard owners that had non documented crossing over NCRA's ROW and were represented by attorney Richard Hicks are responding to the negotiated license agreements sent to them for execution. As of December, eight (8) crossing agreements have been executed by the licensee and NCRA with twelve (12) more in process to close by January 2017.

The dialogue between NCRA and AT&T's general counsels has been active in attempting to reach an amicable settlement/agreement to memorialize the existing sixty-three (63) occupancies within NCRA's ROW (in between Willits and Healdsburg). PI will continue to assist and support NCRA's counsel in bringing the occupancies under a formalized agreement.

Pacific Gas & Electric (PG&E)'s and PI have initially agreed to the number of undocumented/unlicensed encroachments currently residing in the Right of Way. PG&E is still negotiating Parallel to finalize the crossing agreement format and agree on the final valuation.

The areas of potential interest are listed below:

- Hopland Hotel LLC has signed an agreement to lease the old station building (MP100.05) and the surrounding NCRA owned property. Once the signed agreement with payment has been received, PI will forward to NCRA for final contract execution.
- PI & Mendocino Forest Products LLC (MFP) have negotiated a tentative agreement for MFP to lease the NCRA ROW property dividing MFP's lumber operations located just north of Ukiah (MP116.17). The lease will facilitate needed space for storage and will enable MFP to better secure their operation.
- Syar Industries has signed the grade crossing license agreement for a commercial grade crossing at MP74.65. The payment and license has been sent to NCRA for final acceptance and execution. The Hum Bud Collective submitted an application for the proposed license agreement. Humboldt Municipal Water District and Millview Water District are still pending.

Current Account Metrics

	Surface	Utility*	Total
Prioritized Encroachments	179	177	356
Prospects Contacted	215	110	335
Amendments	0	0	0
Closed Opportunities	20	2	22
Annual Revenue Generated	\$32,290	5,500	\$37,590

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

Monthly Highlights

New Agreements this Month

Proposed Tenant	Milepost/Location	Stage	Comments / Next Steps
Mendocino Forest Products LLC	116.59	Out for Signature	\$1,200.00/Annually
Ferrari-Carano Vineyards	78.56	Out for Signature	Hick Represented Client
Granite Const. Company	115.73 117.79	Out for Signature	Received response from Granite – in Legal review by NCRA
Dufferin Bevill	77.77	Out for Signature	Hicks Represented Client
Black Horse Vineyards	77.54	Out for Signature	Hicks Represented Client
Constellation Brands	76.58 76.76	Out for Signature	Hicks Represented Client
E & J Gallo Winery	80.90 81.12 81.28 81.84	Out for Signature	Hicks Represented Client
Everett & Ora Lampson Trust	73.16	Out for Signature	Hicks Represented Client
Linde Vineyards	79.24	Out for Signature	Hicks Represented Client
Marietta Cellars & Chris Bilbro	77.10	Out for Signature	Hicks Represented Client
Pastori Winery	77.77 77.88	Out for Signature	Hicks Represented Client
Trentadue Winery LLC	73.24 73.42	Out for Signature	Hicks Represented Client
Vino Farms, LLC	74.25 74.65 74.88 75.10	Out for Signature	Hicks Represented Client
Humboldt Municipal Water District	Arcata	Out for Signature	\$1,200/Annually
Hotel Hopland LLC	99.97	Out for Signature	\$10,800/Annually

Encroachments/Inquiries

Proposed Tenant	Milepost/Location	Stage	Comments / Next Steps
Francis Coppola Winery	76.97	Negotiating	Negotiating with Attorney – Revised Lease Proposal with longer term
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
Humbud Collective	KAM Branch	Application Rec'd	
Mendocino Forest Products LLC	116.17	Negotiating	Agreed to terms awaiting approval
Mercer, Fraser Co.	237.16	Negotiating	Working on exact lease area – Aggregate Storage - Dyerville

Amendments/Holdover Tenants

Proposed Tenant	Milepost/Location	Stage	Comments / Next Steps

Marketing/Outreach Opportunities

Proposed Tenant	Milepost/Location	Stage	Comments / Next Steps
AT&T	116.20	Lawsuit Filed	Judge upheld NCRA's position – pending
PG&E	Multi	Validating	Discussing crossing location/license need

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
Ray & Betty Jo Pigoni	77.22	Closed	Fully Executed and Delivered to NCRA
Duckhorn Wine Co.	77.22	Closed	Fully Executed and Delivered to NCRA
Jackson Family Wines, Inc.	72.62	Closed	Fully Executed and Delivered to NCRA
PG&E (Temp Access)	Blanket	Closed	Fully Executed and Delivered to NCRA
Humboldt Redwood Company LLC	237.25	Closed	Fully Executed and Delivered to NCRA
PG&E (One Time)	Blanket	Closed	Fully Executed and Delivered to NCRA
Mary Ann Fredson & Logan Hopper	72.79	Closed	Fully Executed and Delivered to NCRA
KBarr Daughters, LLC	77.39	Closed	Fully Executed and Delivered to NCRA
Michael & Lorene Kuimelis	79.35	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.
Keith 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 Const. Co.			
AG 101, LLC	120.0	Decided not to Lease	Doesn't fit in current business plan – Building repairs costly – Not on Property
John E. Fetzer/Orci	101.47	No Response	Will not respond – may refer to legal
Marin Ventures, LLC	115.20	Negotiating	Marin doesn't want to meet NCRA Terms
MCI Transformer	138.78	Proposal Sent	Has not responded to Proposal/Follow-up

NCRA Actions/Open Items

- Prepare for ongoing billings for PI-procured agreements
- NCRA Legal to work with Parallel to settle with AT&T on multiple crossing encroachments

Parallel Actions/Open Items

- Progress viable negotiations, close leases out for execution, and monitor utility opportunities
- Review identified encroaching parties that have received proposals and not responded. Reengage the parties to legitimize unauthorized ROW uses.
- Explore new opportunities north of Willits

Application Fees Collected

- Twenty- six (26) application fees have been collected for a total of \$26,000