

ITEM G.1
APPROVAL OF MINUTES
NOVEMBER 2009
12/09/09



North Coast Railroad Authority
419 Talmage Road, Suite M
Ukiah, Ca 95482

NORTH COAST RAILROAD AUTHORITY (NCRA) REGULAR BOARD MEETING

Wednesday, November 18, 2009~ 10:30 a.m.
Eureka City Council Chambers
531 "K" Street
Eureka
Humboldt County

Draft Minutes

A. CALL TO ORDER

Chairman Hemphill called the meeting to order at 10:32 a.m.

B. ROLL CALL

Directors Present: Wagenet, MacDonald, Meyers, Atkins, Wolter, Chairman Hemphill

Directors Absent: Kelley, Colfax, Clendenen

Also Present: Executive Director Stogner, Recording Secretary Lindsteadt

C. AGENDA APPROVAL

Agenda stood as presented

D. PUBLIC COMMENT

Kaye Strickland – Chair of Citizens for Port Development (CPD)– Summarized the mission of Citizens for Port Development – provided a copy of the CPD Mission Statement and requested that staff provide copies to the Board.

Spencer Clifton – Executive Director Humboldt County Association of Governments – Updated the Board on HGOAG's efforts regarding the Annie and Mary trail. He said that HCAOG has been functioning as the trail managers and provided \$15,000 to contract with a rail banking attorney.

Scott Greacen – Environmental Protection Information Center (EPIC) – He requested that the Board consider extending the Draft Environmental Impact Report (DEIR) comment period for 30 days, beyond the 45 day comment period required under CEQA.

Jessicca Puccinelli – Fortuna resident - She said that the Noble mining permit will expire in three years and asked why the Board was considering a lease with Mr. Noble for 30 years.

Patrick Higgins - Humboldt Bay Harbor and Recreation District –handout - He said that the Harbor District loan should not be discussed in Closed Session. He said that he chairs the committee that will be negotiating the repayment of the Harbor District loan. He said that NCRA needs to consider reorganization to address NCRA's finances.

E. PRESENTATIONS

1. Tourist Train Update - Timber Heritage Association – Marcus Brown

Marcus Brown presented the Board with the history of the Timber Heritage Associations (THA) Museum (including handouts). He said that THA preserves timber history in Humboldt County. He said that THA has accumulated many artifacts related to the extensive history of railroad and timber logging in the North Coast. He said THA's goal is to begin an excursion train from Samoa to Eureka. He updated the Board on his recent conversations with John Williams NWP Co. regarding the excursion train and the recent purchase of historic rail cars.

Mr. Brown said that Timber Heritage Association has been giving speeder rides on the portion of line that THA volunteers have cleared. He said that the public interest in the speeder rides has been outstanding.

He also discussed the trail that is being planned from Eureka to Arcata. He suggested that the trail be constructed on the east side of the freeway rather than on the railroad right-of-way. He said that he supports the trail and thinks that an excursion train coupled with the trail would be very beneficial for the local economy. He requested that the Board look for potential sources of funding to complete the track repair from Samoa to Arcata, and then from Arcata to Eureka. He said that the Jacoby Creek trestle will need to be replaced.

2. Arcata Rail-With-Trail Project - City of Arcata – Karen Diemer

Karen Diemer presented the Board with an update on the City of Arcata's efforts regarding the Arcata rail with trail (handout). She said that Arcata has finished the geotech work, field work, natural inventory survey and preliminary cross sections. She said that there is still much work to be done and that the NCRA Board will be presented with three trail alternatives in the near future. Ms. Diemer also presented the Board with a project timeline and discussed the steering team and stakeholder meeting which would be held in December. She said that NCRA should be involved in those meetings. She also expressed thanks to John Williams for the field visit and time he spent reviewing trail plans.

F. CONDUCT OF BUSINESS

1. Discussion and Possible Approval of Sutter Securities Engagement Letter – Potential Capital Financing Programs

Executive Director Stogner told the Board the Sutter Security Engagement Letter had been amended to reflect the Board's requested changes made in October and recommended approval of the Engagement Letter.

Dennis Ciocca outlined the steps he would take when the Board approved the Engagement Letter. He said that Sutter Securities would look at the NCRA Statute and all financial opportunities and prepare a presentation for the Board at a future meeting. Mr. Ciocca said that he would immediately make known any conflicts if he discovered there were any. He thanked the Board and said that the Board would have the final approval of any possible funding opportunities.

Upon Motion by Director Meyers, seconded by Director Atkins, the Board unanimously approved the Sutter Securities Engagement Letter. **AYES: 6, NOES: 0, ABSTAIN: 0, ABSENT: 3** - (Kelley, Clendenen, Colfax)

2. Adoption of Resolution 2009-09 of the Board of Directors of NCRA Authorizing NCRA to Work Jointly with SMART to Obtain ISTEAFunding and Delegate the Executive Director Authority to Take Necessary Acts

Executive Director Stogner said that staff is attempting to utilize the \$10.8 million in ISTEAFunds that have been available to NCRA since 1996. He said that it makes sense for the Federal Highway Administration (FHWA) to use SMART as the lead agency for the funds because the funds will be used from Hwy 37 to Cloverdale. He said that staff is asking the Board to give authority to continue the collaboration with SMART and prepare a plan that will benefit both agencies.

Director MacDonald asked what agency approves the lead agency designation. Mr. Stogner said FHWA is the agency that will approve the lead agency designation. He also said that the Board will have the opportunity to consider and approve an MOU between the 2 agencies when a project is defined.

Executive Director Stogner said that the City of Novato requested additional language inserted in the resolution at paragraph 2 of second page as follows:.....” the work specified in the November 3, 2008 Consent Decree filed in the Novato vs. NCRA case.” A brief discussion ensued and the Board approved the new language.

Public Comment

Pete Oringer – requested that the Board remember the north end when considering ways to spend the ISTEAFunds.

Leishara Ward- said that the ISTEAFunding legislation listed the entire line from Korblex to Lombard as eligible for rail repair funding under ISTEAFunding.

Upon motion by Director Wagenet, seconded by Director Meyers Resolution No. 2009-09 Authorizing NCRA to Work Jointly with SMART to Obtain ISTEAFunding and Delegate the Executive Director Authority to Take Necessary Acts was approved with the City of Novato language modification. **AYES: 5, NOES: 0, ABSTAIN: 1 (MacDonald), ABSENT: 3** (Kelley, Clendenen, Colfax)

3. Discussion and Possible Appointment to NCRA Committees

Appointment of Director Gus Wolter to the following NCRA Committees:

- a. Property Committee
- b. Finance Committee

Upon Motion by Director Meyers, seconded by Director Atkins, Director Gus Wolter was appointed to the Property Committee and Finance Committee. **AYES: 6, NOES: 0, ABSTAIN: 0, ABSENT: 3** (Kelley, Clendenen, Colfax)

G. CONSENT CALENDAR

- 1. Approval of Minutes - Regular Board Meeting – October 14, 2009
- 2. Acceptance of Minutes – Property Committee – November 6, 2009
- 3. Acceptance of Financial Statements – October 2009
- 4. Approval of Warrants Issued - Agency 787010 – October 2009
- 5. Approval of Warrants Issued - TCRP 787101 - October 2009
- 6. Approval of Cal Card Statement – October 2009

Upon Motion by Director Meyers, seconded by Director Wagenet, Consent Calendar item G. 3 was pulled for further discussion, and Consent Calendar items G. 1, G.4, G.5, G.6 were approved and Item G.2 was accepted with Director Meyers amendments to items G. 1 and G.2 after staff review of the edits: **AYES: 5, NOES: 0, ABSTAIN: 1** (Wolter), **ABSENT: 3** (Kelley, Clendenen, Colfax).

Discussion regarding Consent Calendar Item G. 3- Director MacDonald said that he could not accept the financials because they were not accrual based financial reports.

Motion to approve Item G. 3 made by Director Atkins, seconded by Director Wagenet failed. Staff was directed to bring the financials back to the Board in December. **AYES: 2, NOES: 3**(Meyers, Atkins, MacDonald), **ABSTAIN: 1** (Wolter), **ABSENT: 3** (Kelley, Clendenen, Colfax)

H. COMMITTEE REPORTS

1. Property Committee – Director Meyers

Director Meyers reported that the Property Committee met on November 6 and discussed the Jack Noble lease. The Committee directed staff to send correspondence and the redrafted potential lease to Mr. Noble's counsel.

I. STAFF REPORTS

1. Executive Director – Mitch Stogner

- a. SMART/NCRA Operating Agreement Discussions
- b. Haystack Loan Forgiveness
- c. DEIR Status Update

Executive Director said that NCRA had received formal forgiveness of the \$152,751 Haystack Loan on October 26, 2009.

He also updated the Board on the status of the DEIR. He said that the DEIR was issued on November 11, 2009. He said that the public comment period will end on December 31, 2009.

He also reported that the legal counsel for SMART and NCRA are continuing to review the draft operating agreement.

J. OPERATOR REPORT

1. NWP Co. – John Williams

John Williams said that he supports the Timber Heritage Association efforts to run an excursion trail in Humboldt County. He said that it can be profitable. He said that THA needs money to fix the track and bridges. He said that NCRA needs to prioritize a project in Humboldt County.

Mr. Williams also said that he supports the city of Arcata and the Arcata rail trail. He said that he is willing to revise operations to permit an attractive trail.

He also said that NCRA has always had financial challenges because state funding is not dedicated to the agency budget. He asked that the Board consider suspending stipend reimbursements until the agency is in better financial condition.

K. MATTERS FROM THE BOARD

Director Meyers asked if there was a redline version of the DEIR. He also wondered if the DEIR consisted of one or two discs. He said that he was unable to open two of the items in appendix A of the web version of the DEIR. He also said that he would support addition of one week to the DEIR comment period.

Chairman Hemphill said that the time period has already been extended one week. Gus Wolter said that the current comment period is more than sufficient.

Director MacDonald asked if everyone who submitted comments to the March 9 DEIR would be mailed a notice of availability. He also asked the status of a response to the financial documents that he prepared for the workshop.

Director MacDonald said that his concern is that the Chairman and Board requested that staff prepare their version of the financials and clarifications of his financials and a game plan to get out of the situation the agency is in. He said he is uncomfortable having Pat Higgins stand up and use his financials as the final authority.

Executive Director Stogner said that the only way to address NCRA's financial challenges is to complete track repairs and commence operations, in which case NCRA would begin receiving track lease revenues from the operator. He also said that the Engagement Letter with Sutter Securities and the RFP for Property Management Services issued October 16 are both measures to increase agency revenues.

Chairman Hemphill directed staff to address Director MacDonald's financial documents and begin to prepare a long term financial plan. Director Atkins suggested that the Finance Committee discuss the topic.

Director Wagenet said that he would like an update on Quaker Hill, Tyris, Ukiah Depot and Port of Humboldt Bay. He said that he does not think that the Board immediately needs a detailed

financial analysis of the MacDonald financials. He said that the Board wants a summary of the main issues.

Chairman Hemphill said that the financial statements that were produced by Director MacDonald were not a final Board approved document. He said that he is disturbed that people are using this information and the assumptions upon which it was based, as a Board approved financial report.

L. ANNOUNCMENT OF NEXT MEETING

December 9, 2009 – 10:30 a.m.
Hamilton Field – Novato
West Wing Auditorium
503 South Palm Drive
Novato
Marin County

M. ADJOURNMENT

Chairman Hemphill adjourned the meeting at 12:53 p.m.