

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE PORT OF HUMBOLDT BAY
AND THE
NORTHCOAST RAILROAD AUTHORITY**

This Memorandum of Understanding is entered into by and between the Humboldt Bay Harbor, Recreation and Conservation District, hereinafter referred to as the "Port of Humboldt Bay"; and the Northcoast Railroad Authority, hereinafter referred to as "NCRA".

WHEREAS, the Humboldt Bay Harbor, Recreation and Conservation District is empowered with the promotion of national and international commerce, fisheries, navigation, recreation and the development and protection of the natural resources in Humboldt Bay; and

WHEREAS, the Port of Humboldt Bay is the Port Authority Division of the Humboldt Bay Harbor, Recreation and Conservation District; and

WHEREAS, the NCRA is a joint powers authority formed by the State of California and representing Humboldt County, Mendocino County and Sonoma County; and

WHEREAS, the NCRA was formed to oversee the continued use of the 300 mile long Northwestern Pacific rail line stretching from Humboldt Bay to Lombard where it ties in to the national rail system; and

WHEREAS, the Port of Humboldt Bay desires to revitalize the Port of Humboldt Bay to create additional jobs and additional economic activity by more fully utilizing the existing underutilized port assets at Humboldt Bay; and

WHEREAS, the NCRA desires to reestablish rail service to the Port of Humboldt Bay; and

WHEREAS, the Port of Humboldt Bay and the NCRA realize the potential synergies that exist in revitalizing the Port of Humboldt Bay by connecting the Port to the national rail system.

NOW, THEREFORE, the parties do agree as follows:

1. NCRA and the Port of Humboldt Bay will work together to reestablish rail service from the Port of Humboldt Bay to the national rail system.


2. The Port of Humboldt Bay and the NCRA will work together to modernize and revitalize the Port of Humboldt Bay.
3. NCRA and the Port of Humboldt Bay will develop a practice of providing mutual support. Mutual support will include, but is not limited to, supporting the inclusion of NCRA and Port of Humboldt Bay projects in the Statewide Goods Movement planning effort, the Regional Transportation Plan and other transportation planning documents; and supporting requests for project funding proposed to the California Transportation Commission or other funding entity.
4. The NCRA will support projects at other ports involved in improving goods movement at the Port of Humboldt Bay.
5. By December 2007, NCRA will initiate the preparation of the environmental documentation necessary for the northern 100 miles of rail line generally referred to as from Dos Rios to Fairhaven on Humboldt Bay.
6. The Port of Humboldt Bay will continue to pursue the increase and diversification of the commodities shipped through Humboldt Bay marine terminals.
7. The Port of Humboldt Bay will continue to improve maritime infrastructure for increasing commerce, improving navigation safety and improving environmental protections.
8. In order to protect the rail line, critical public infrastructure and private property, NCRA will repair and rehabilitate the rock slope protection along the eastern shoreline of Humboldt Bay's Entrance Bay.
9. The NCRA will participate in discussions relating to additional uses of the rail corridor or rail property including, but not limited to, trail, excursion train, utility corridor and railroad museum.
10. The only parties to this MOU are the Port of Humboldt Bay and the NCRA. Nothing in this MOU is intended to or shall be construed to create any rights of any kind whatsoever in any entity or person other than the NCRA and the Port of Humboldt Bay or any obligation of any kind whatsoever on the part of any person or entity other than the Port of Humboldt Bay and the NCRA.
11. The Port of Humboldt Bay acknowledges and agrees that, notwithstanding any other provision of this MOU, the authority of the NCRA to enter into this MOU, and the performance of the NCRA's obligations hereunder, shall be limited by, among other things, the NCRA's authority and powers to enter

into this MOU under all applicable laws, including, without limitation, the State Constitution and other State and Federal laws.

12. The NCRA acknowledges and agrees that, notwithstanding any other provision of this MOU, the authority of the Port of Humboldt Bay to enter into this MOU, and the performance of the Port of Humboldt Bay's obligations hereunder, shall be limited by, among other things, the Port of Humboldt Bay's authority and powers to enter into this MOU under all applicable laws, including, without limitation, the State Constitution and other State and Federal laws.
13. Notwithstanding any provision that could be construed to the contrary, this MOU shall not render one party liable for any of the debts or obligations of the other party and neither party shall be entitled to, or liable for, reimbursement to the other party for expenses incurred in the furtherance of the goals and obligations set forth in this MOU.
14. This MOU shall become effective as of the date of the last signature at the end of this MOU (the "Effective Date"). The term of this agreement is three (3) years from the effective date unless extended by mutual agreement.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed the day and year written immediately below.

DATE: July 27, 2006



RONNIE PELLEGRINI,
President
Board of Commissioners
Humboldt Bay Harbor,
Recreation and Conservation
District/Port of Humboldt
Bay

DATE: July 27, 2006



ALLAN HEMPHILL, Chair
Board of Directors
Northcoast Railroad
Authority