

June 10, 2020

Mike Hall
RD 2035
45332 County Road 25
Woodland 95776



Dear Mike

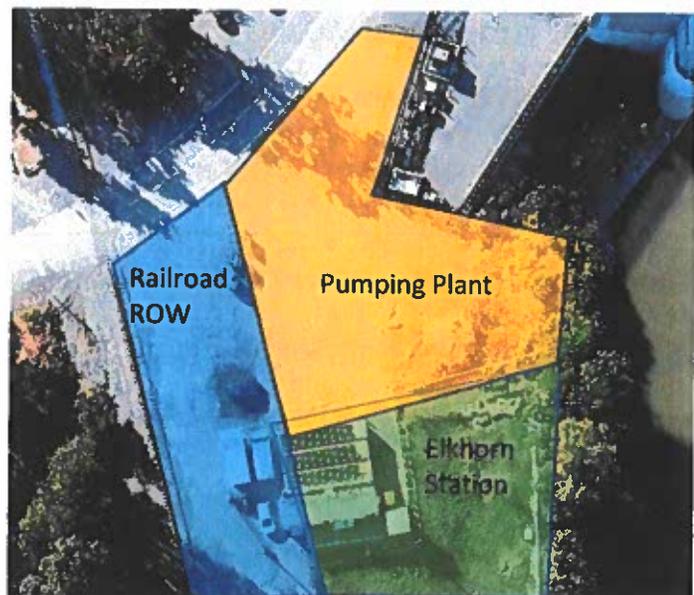
The surveyors have placed their survey stakes so we now have better information on the property line. The first image is an overview of the area that we took via drone a couple weeks ago that shows land owned by our railroad and the Sacramento River Intake Pumping Plant. There are a several notable items I want to call out.

1. The railroad owns 60' out from the center of the tracks. The exact line is a bit tricky since the tracks have a slight curve.
2. If you are on site, we have placed several railroad ties in the parking lot. This provides a reference point for the line between our properties in the parking lot.
3. There is a fence between our properties that we understood to be the property line. It wasn't until you asked for the survey that we learned that the fence was off by 9'!
4. The survey revealed that we placed one of our conex boxes and our fence on your property.



The next image is shows the three relevant parcels. The yellow area shows the property owned by the water plant. This includes the shared dirt parking area, the roadside parking area, and your enclosed parking lot beyond the fencing. The two blue areas show the railroad right-of-way and parcel we purchased about five years ago for our railroad station project.

You can see that the parking lot is divided approximately in half between us.



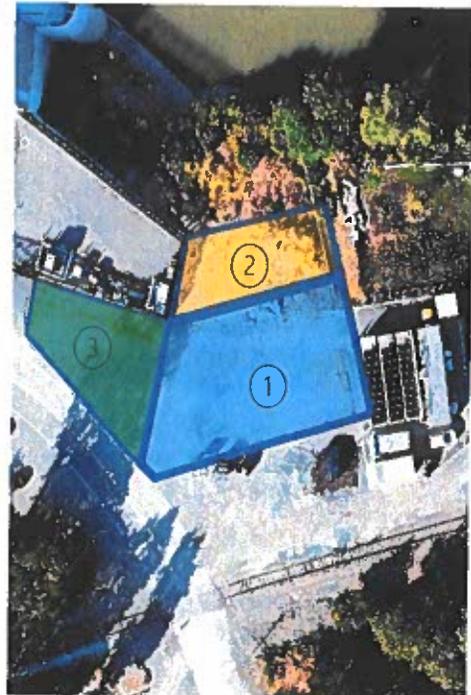
As a result of the property line being 9' south from the old fence, the survey revealed that we placed our conex boxes and new fence on your property. The overlap is greatest at the corner of your property where we have a 9' overlap that consists of our new fence, a walkway and 3' of our conex box. As you move toward the river, the overlap decreases such that the other end of the conex box is off your property. My guess is that we have a 405 square foot triangular-shaped overlap that is 9' at its base and 90' long. The adjacent figure shows my estimate of the area.

The original reason for meeting with you was to discuss our use of your parking lot. Due to this overlap issue, however, this adds an extra issue to address. We have identified several solutions:

- A. **Move off your property:** Our first thought was to see if we could move the conex box and shift the fence line. Due to the extensive solar panel system, however, my crews have told me this will be quite a challenge. My hope is that we can achieve a different option.
- B. **Agreement or Lease:** We could have a formal or informal agreement for the parking lot and overlap. If you would like something formal we could prepare an agreement or a lease if payment is involved.
- C. **Purchase:** Instead of getting permission, we could buy the land from you. From our discussions we know having a site to park cars and to provide an emergency rally point is important so we would certainly include that in our agreement.

If we go with #B or C, we need to specify the land that would be included in the agreement. I think there are 3 areas, which I have shown in the last figure. Section 1 is the Pumping Plant's half of the parking lot. Section 2 is additional space toward the river that could also be used for parking. Section 3 is roadside parking. If Section 3 were included, we are thinking of retaining a 6' gap between the parking stalls and the iron fence to protect the irrigation controls in the ground and possibly allow space for a walkway or landscaping. We are interested in some or all three sections. Ideally, we would improve the ground surface and possibly add landscaping and lighting. We would also coordinate with you on security measures.

I reiterate that in all scenarios we would plan for your regular and emergency parking needs that go beyond your parking area enclosed in your fenced area.



Our preference would be a purchase for all three sections, but we will gladly work with any scenario.

I would be happy to meet with you once you and your other shareholders have considered the situation. I appreciate your patience waiting on survey and look forward to further discussion.

Very best regards,

Christopher G. Hart, President
Mendocino Railway
530-554-2522
chart@sierrarailroad.com