



North Coast Railroad Authority

419 Talmage Road, Suite M

Ukiah, CA 95482

June 10, 2008

Status of Novato Lawsuit

Yesterday, the First District Court of Appeals informed NCRA that it will not grant our petition to vacate Judge Ritchie's decision to enjoin NCRA over CEQA-related issues. Our petition, joined by the Attorney General, the California Transportation Commission and Caltrans, challenged the Marin Court's jurisdiction over this matter. While the Appeals Court decision is disappointing, there are a number of other defenses to the Novato suit that NCRA and its operator, NWP Co. will employ. On June 17th, we will again appear in Judge Ritchie's Court challenging the Court's jurisdiction on the basis that federal law preempts the state remedy that Novato seeks. Depending on the outcome of this hearing, we will consider other state and federal defenses available to rail carriers.

Considering the price of gasoline, and the skyrocketing cost of diesel fuel, we believe it is unconscionable for the City of Novato to needlessly delay freight service for our region. Transportation costs are escalating daily, affecting the price of virtually all commodities. Freight service is virtually the only hedge against these costs, in addition to our ability to substantially cut carbon emissions and truck traffic.

NCRA supporters can rest assured that all legal steps will be taken to get our trains up and running. While Novato's actions have resulted in costly delays, there is no way they will stop our trains from serving the people of our area.

A handwritten signature in blue ink, appearing to read "Allan Hemphill".

Allan Hemphill
Chairman, North Coast Railroad Authority