

PROMISSORY NOTE

\$325,000
8% Interest

Ukiah, California
January 21, 2009

For value received, NORTH COAST RAILROAD AUTHORITY, a public agency ("Maker") promises to pay to the order of NORTHWESTERN PACIFIC RAILROAD COMPANY, a California Corporation ("Holder"), the principal sum of THREE HUNDRED TWENTY-FIVE THOUSAND AND 00/100ths DOLLARS (\$325,000.00) with interest from date until paid, at the rate of eight percent (8%) per annum payable upon maturity. This note shall mature on January 21, 2014, a date five (5) years from the anniversary of the making of this Note.

Principal and interest are to be paid in lawful money of the United States.

Maker shall have the right to prepay this Promissory Note, in whole or in part without penalty.

In the event this Promissory Note is placed in the hands of any attorney for collection, or if suit is brought on the same, or the same is collected through bankruptcy or other judicial proceedings, then Maker agrees and promises to pay Holder's actual costs and attorney's fees.

This Promissory Note shall be governed and construed in accordance with the laws of the State of California. Venue and jurisdiction for any action to enforce this Promissory Note shall lie in the Superior Court of Sonoma County, California.

This Note is secured by that certain security as described in that certain Agreement for Financing or obligations Incurred Under Marin Consent Decree, Collateral Security for Financing, under the "Bridge Financing and Security Agreement" heretofore entered into and other provisions. Holder may file such appropriate liens or financing statements to perfect the security herein.

NORTH COAST RAILROAD AUTHORITY

ALLAN HEMPHILL
Chairman of the Board of Directors

Attest:

MITCH STOGNER
Secretary to the Board of Directors