



BOARD OF SUPERVISORS
COUNTY OF HUMBOLDT

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March 11, 2008

The Honorable Judge Richard Schmidt
United States Bankruptcy Court
Southern District of Texas
1133 North Shoreline Blvd.
Corpus Christi, Texas 78401-2042

Re: Chapter 11 Case Nos. 07-20027 through 07-20032

Scotia Development, LLC
The Pacific Lumber Company
Britt Lumber Company, Inc.
Salmon Creek, LLC
Scotia Inn, Inc.
Scotia Pacific Company, LLC

Dear Honorable Judge Schmidt:

The Humboldt County Board of Supervisors respectfully submits this letter approved on March 11 for your consideration as you weigh the qualities of the various responses to the Pacific Lumber bankruptcy. We are pleased Governor Schwarzenegger, Senator Feinstein and Congressman Thompson have provided their input, much of which is similar to ours.

As we have written in the past about our concerns, we are confident you are cognizant of the importance Pacific Lumber Company's assets and its work force to our entire county. While the long PL history has been important to the welfare of our community, it has also been the focal point for many controversial topics of local and national fame. Our Board during the last 20+ years of Maxxam ownership has had many different hearings, agenda issues, and pointed public testimony covering the many sides of PL ownership practices. To say we and the residents of Humboldt County have a definite interest in the outcome of the bankruptcy proceedings would be an understatement.

The Board has not taken a position of one proposal over the other. We do, however, with this letter wish to indicate the principles we believe are important in considering each proposal. These principles reflect what we believe are the heart felt standards most county residents would believe are necessary in considering our economy and environment.

Maintain the Pacific Lumber Company Forests in a single ownership as working commercial forestlands

The financial health of our communities are tied to permanent sustainable working forests that can have predictable outcomes over time. Large broad base landscapes provide the best opportunity for the success of this principle. Therefore, for being able to have a viable economic return for each of the economic factors, this is a very critical and important factor.

Fulfill all commitments associated with the Habitat Conservation Plan that accompanied the Headwaters Agreement

The significant public investment in protecting certain old growth stand conditions, providing the ability for public access to appreciate these legacies, the efforts to create as nearly as possible conditions that protect endangered species have totaled in the millions of public dollars; are all of national worth and need to be secured in whatever plan is chosen.

Maintain the skilled work force

In whichever proposal is chosen, the County cannot underscore enough how important the trained labor force is to both the operation of the company but to the community as a whole. The timber labor dollar earned is often one of the highest private sector wage rates in our county. Our local economy is critically dependent upon the values associated with good stewardship, values our local labor force hold dear.

Acknowledge the standards of environmental stewardship with certification of quality practices

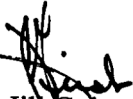
Again, in recognition of the significant public funds invested in PL, and the focus and scrutiny of environmental stewardship placed upon PL; it is clear a measurement of success in this model of private and public partnership investments would be through management practices that can stand the test of audit and adaptive management. Certification would then provide public awareness of this achievement and lend more hope and credibility for long term sustainability.

Continue the operation of the Scotia Mill

The Scotia mill fills a critical role for the County as the foundation for the town of Scotia, an important provider of good jobs, as well as an important outlet for timber for small landowners. Valued added products are the obvious economic development outputs that reflect off of our natural forest offerings. The mill, therefore, is important to both the community and its members as well as to the company operation.

Thank you for considering our concerns in weighing the merits of each of the proposals. Humboldt County communities are very concerned about the future of PL and just as important for the future of the valuable assets and employment opportunities that will emanate from yours and others decision. If you have any questions for us please do not hesitate to contact us.

Sincerely,



Jill Geist, Chair
Humboldt County Board of Supervisor

JG:kh

cc: Governor Arnold Schwarzenegger
Senator Diane Feinstein
Congressman Mike Thompson
President, Pacific Lumber Company
Mendocino Redwood Company
Marathon Structured Finance Fund
The Bank of New York Trust Company
The Nature Conservancy