

BOARD OF SUPERVISORS

COUNTY OF HUMBOLDT

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October 12, 2007

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**

Humboldt County California's Response to the Debtors Plan to Develop and Sell the "Redwoods Ranch Development"

Dear Honorable Judge Schmidt:

On October 9, 2007, in the City of Eureka, California, the Humboldt County Board of Supervisors held a public meeting and passed an interim urgency ordinance prohibiting residential uses on lands zoned Timberland Production (TPZ) in the County.

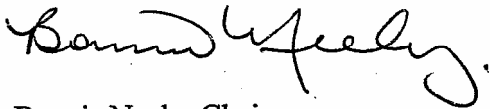
The ordinance was in direct response to the Plan for Reorganization submitted by the debtors to the Bankruptcy Court that outlines a proposal for residential development in Humboldt County known as the "Redwoods Ranch Development." In that plan the debtors propose to develop and sell approximately 22,000 acres of commercial redwood forest as 160-acre "kingdom" or "trophy" properties. The parcels would be marketed for high-end low-density residential and recreational development.

The Humboldt County Board of Supervisors does not believe that this development is feasible. The plan is inconsistent with existing land use plans and policies and is inconsistent with all of the plans and policies that are currently being reviewed in the County's General Plan Update.

Enclosed for your review is a copy of the ordinance that suspends the entitlement to a building permit on lands zoned TPZ in Humboldt County. Please consider this ordinance when you review Scotia Development LLC's reorganization plan for feasibility on October 23, 2007.

Thank you for your time and careful attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Bonnie Neely". The signature is written in a cursive style with a large, sweeping initial "B".

Bonnie Neely, Chair
Humboldt County Board of Supervisors

BN:kh