



Renaissance Ketchikan Group LLC
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To: Forrest Cole
From: Jerry Jenkins, Managing Member
Re: Forest Service Timber Allocation
Date: July 13, 2006

Forrest,

Ketchikan Veneer Mill LLC is mobilizing man power and equipment to the plant site in Ketchikan and has started the process of making equipment ready for the start up. It is anticipated that the initial test run consisting of 150 mbf of veneer quality logs purchased from Pacific Log and Lumber will start in 30 to 45 days. The primary purpose of this cut is to determine the exact condition of the equipment, which we do not anticipate in unexpected surprises, the necessary additional expenditure of capital to insure efficient operations and to produce a sample of our product for customers who desire a long term supply of green veneer. Our expenditure of approximately \$500,000 in this effort demonstrates our commitment to the operation of the facility. These funds are being supplied by us as it has been nearly impossible to get a lender to consider the operations without a US supply commitment

The primary purpose of this letter is to confirm our needs related to fiber supply. While it has always been our intent to diversify our raw material supply by purchasing veneer quality logs from private timber owners in the region, the Department of Natural Resources, Mental Health and Canadian entities in the Steward BC area, our primary supply **MUST** come from the Forest Service. Without the commitment of supply from the Forest Service, the single largest timber owner in the region, we will **NOT** proceed further.

Ketchikan Veneer cannot fill the void created by the closure of the pulp mills in Southeast Alaska. We will however, add value to the forest by providing a steady market for the small diameter Hemlock and Spruce logs that are not efficiently manufactured in most sawmills operation in Southeast today. During periods of low lumber market values, veneer values may justify the purchase of logs up to 24" in diameter that are normally sawn. On many no see us on the active bidder's list of timber sales as the majority of the trees harvested are best suited for the manufacture of lumber to generate the highest return. As an integrated industry member, we must purchase logs from Federal timber purchases such as, Pacific Log and Lumber and the demand calculation must include our fiber needs. We require 2.1 Mmbf to meet our monthly single shift needs during the start up period and 3.65 Mmbf per month there after.

A handwritten signature in black ink, appearing to be 'J. Jenkins', is written over the bottom left portion of the page.