SOUTHWEST ARKANSAS
Biofuel Development Opportunity Zone

RATING GRADE: 'AA'
Date of Issue: August 24, 2026

AA
Very High Quality

Rating Parameters:

Category	Rated Quantity	Delivered Price	Supply Zone Size
Pulpwood	**684,000 bdt/yr**	**$55-$65/bdt**	**75-mi drive distance**
Forest Residues	**342,000 bdt/yr**	**$60-$80/bdt**	**from Prescott, AR**

BDO ZONE ASSETS

- Approximately 1.0 million bdt/yr of very low-risk pulpwood and forest residues is available to a new project; larger quantities are likely available at increased risk.
- Favorable growth-to-drain ratios indicate sustainable harvest levels, leaving substantial fiber available for growth.
- The supply base is broad and geographically diversified.

BDO ZONE LIABILITIES

- A transitioning, aging contractor base will require active investment to rebuild a reliable, modern supply network.
- Competition among existing established consumers will require sustained effort to secure competitive pine pulpwood volumes.
- Undeveloped local chipping infrastructure and limited contractor experience make residue recovery an early-stage challenge.
- Tight driver availability, combined with fuel price and haul distance sensitivity, poses pressure on delivered costs.

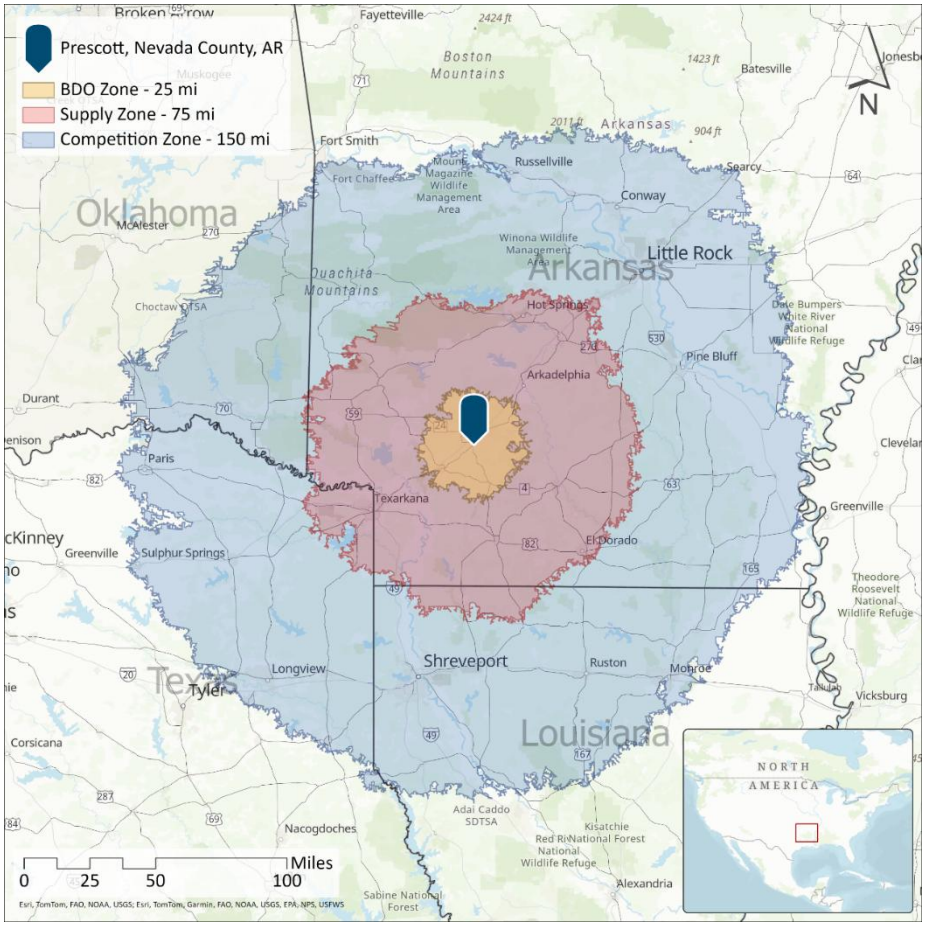
RATING GRADE

The Southwest Arkansas, Biofuel Development Opportunity Zone, is rated 'AA', or 'very low' risk.

Risk Rating Grades are defined as follows: AAA (extremely low), AA (very low), A (low), BBB (low-moderate), BB (moderate), B (moderate-high), and C (high).

'AA' ratings denote very high prospective viability of Feedstock Supply and Infrastructure and low expectations of default risk in the Zone. Capacity to support new biobased plant operations is considered very strong. This capacity may, nevertheless, be more vulnerable to adverse weather, supply chain, economic, or infrastructure conditions.

SOUTHWEST ARKANSAS BDO ZONE



ANALYST NOTES

The Southwest Arkansas BDO Zone has a Supply Zone centered in Prescott, AR, defined by a 75-mile drive distance and extending across Arkansas, Louisiana, Texas, and a small portion of Oklahoma. The forest resource is predominantly hardwood by standing volume (60%), led by oak, poplar, and sweetgum, but pine is the single most prominent species at 39% of total standing volume and dominates the commercial supply chain. The Zone serves as a potential location for large-scale biomass projects because of a sustained and growing regional surplus of small-diameter wood for which traditional markets have contracted.

Of the roughly 7.5 million bdt/yr of woody biomass generated within the Supply Zone, an estimated 2.4 million bdt/yr remains potentially available after accounting for existing demand. Applying conservative Biomass Availability Multiples yields rated quantities of 684,000 bdt/yr of pulpwood at a delivered price of $55-$65/bdt and 342,000 bdt/yr of forest residues at $60-$80/bdt, for a combined rated quantity of approximately 1.0 million bdt/yr. Sawmill residues, though generated at roughly 3.3 million bdt/yr, are excluded from the rating because they are fully committed to existing users.

The defining feature of this Supply Zone is structural oversupply. Pulpwood markets have softened following pulp and paper closures and curtailments across the region, leaving standing inventory growing faster than it is harvested. Inflation-adjusted pine pulpwood pricing has trended down over the past decade, and outreach consistently described stumpage as very low, with thinnings in some cases costing landowners out of pocket. This creates a favorable, low-cost feedstock environment for a new entrant, but one that is shaped by an entrenched competitor base.

In-woods forest residues represent a significant, untapped feedstock resource in the Supply Zone. Currently, forest residues are rarely recovered by local crews; the standard practice is to leave them on the forest floor, crush them during harvesting operations, or consume them through prescribed fire. Nonetheless, the lack of available equipment to process forest residues and loggers' negative experiences with processing the material renders forest residue supply profile as high-risk in the short-term.

BDO ZONE ASSETS

The biggest asset of this region is the rated supply of woody biomass. With a rated quantity of 684,000 bdt/yr of pulpwood and 342,000 bdt/yr of forest residues, totaling approximately 1.0 million bdt/yr of feedstock.

A second major asset is the favorable growth-to-drain relationship across the timber resource. Net growth across all roundwood (9.0 million bdt/yr) substantially exceeds removals (5.5 million bdt/yr), yielding a growth-to-drain ratio of 1.6, with the pulpwood-size resource showing a similar ratio of 1.8. Standing merchantable inventory rose roughly 20% between 2015 and 2024, and pulpwood standing timber rose about 22% over the same period, confirming that the timber base is replenishing far faster than it is being drawn down and that incremental utilization can be sustained without placing the resource under harvest pressure.

The region also benefits from an established logging and timber procurement system for pulpwood. Harvesting is conducted through a consistent tree-length, ground-based system, and the area already supports conventional logging, hauling, and mill procurement relationships. Pulpwood is a familiar product in this basin, and the rated pulpwood volume is considered relatively scalable because the core harvesting and transportation system already exists.

The supply base is broad and geographically diversified. It draws from mostly private timberland across three states and a large pool of independent loggers, brokers, consulting foresters, and landowners. This wide supplier base reduces dependence on any one tract, landowner, or contractor and provides a good foundation for building a diversified procurement portfolio.

BDO ZONE LIABILITIES

While the regional logging workforce is transitioning and some smaller family operations have exited the sector, this creates an opening for a new project to establish itself as a preferred partner for the next generation of contractors. By offering steady, predictable quotas, equipment financing support, and partnerships with state logger-training programs, the project can help rebuild and

modernize the local contractor base — securing loyal, long-term supply relationships in the process.

The Supply Zone is a high-demand wood basket, supporting thirty operational consumers — including pulp and paper mills, OSB mills, pellet plants, and CHP units — that together draw an estimated 19.5 million bdt/yr, with roughly 5.1 million bdt/yr available from within the zone. This scale of activity reflects a mature, liquid market with established infrastructure and logistics already in place. A new project could compete by building strong commercial relationships and offering attractive, stable pricing, while a diversified, multi-year contracting strategy helps lock in reliable pine pulpwood volumes even in this very competitive environment.

In-woods chipping infrastructure is still nascent locally, which means that a new project has a first-mover opportunity to build out this supply chain on favorable terms — establishing trial purchases and standing offtake agreements ahead of start-up, and offering equipment financing or support to bring contractors into the space. This mirrors a strategy already validated by regional pellet facilities, giving the project a credible, de-risked path to unlocking a low-cost, currently underutilized feedstock stream over time.

Transportation economics merit close attention, particularly with respect to managing delivered costs. Efficient truck turnaround times also play a meaningful role in contractor viability. While chip vans appear to be available, logging trucks and qualified drivers are in tighter supply. Overall, delivered economics remain closely tied to haul distance, diesel pricing, and route efficiency.

INFRASTRUCTURE PROFILE

The Prescott Industrial Park, is a 126-acre industrial-zoned property situated directly on Interstate 30 in Prescott, Nevada County, Arkansas. The site offers strong multimodal transportation access, with direct interstate frontage via I-30 approximately half a mile from the site, on-site rail service through the Prescott & Northwestern Railroad connecting to Union Pacific, and a second rail option via the Arkansas Midland Railroad roughly one mile away; the nearest commercial freight airport is Texarkana Regional–Webb Field. The site is fully served by municipal utilities, including on-site three-phase electric power at 13.8 kV from the City of Prescott, natural gas service from Summit Utilities, municipal water and sewer from the City of Prescott, and on-site fiber optic telecommunications from Brightspeed. Together, the site's interstate and rail connectivity and its established utility infrastructure make it a well-positioned candidate location for biomass-based industrial development.

SCORING & RATING METHODOLOGY

In assessing the biomass supply chain risk for the Biofuel Development Opportunity (BDO) Zone, 75 Risk Indicators from the US Standards for Biomass Supply Chain Risk (BSCR) were applied. These BDO Zone Risk Indicators are the subset of BSCR Risk Indicators applicable to evaluating feedstock risk within a BDO Zone.

- The BDO Zone is a 25-mile drive distance from the center point, which represents the siting area for future biomass projects and is where the industrial site is located.
- The Supply Zone is a 75-mile drive distance from the center point, where feedstock availability was assessed.
- The Competition Zone is a 150-mile drive from the center point, where consumers can compete for feedstock generated in the Supply Zone.

Feedstock quantities are expressed in bone-dry tons per year (bdt/yr), while feedstock costs are expressed in United States dollars (USD). Maximum transport distance is based on a 75-mile driving distance from the center point (Prescott, AR).

The BDO Zone rating is based on an aggregation of the scores assigned to each BDO Zone Risk Indicator (RI) assessed in this report. First, each BDO Zone Risk Indicator is given a **Raw Risk Likelihood (RRL)** score, which denotes the likelihood of a risk to future BDO Zone projects due to the Risk Indicator. RRL Scores are scaled as either very low (2), low (4), medium (6), high (8), or very high (10).

Each BDO Zone Risk Indicator is given a **Raw Risk Impact (RRI)** score, which denotes the impact on a future BDO Zone project due to the Risk Indicator. RRI scores are scaled as either very low (2), low (4), medium (6), high (8), or very high (10). Impact level scores are based on the impact level of a risk on the successful development and

deployment of a BDO Zone project with no mitigation measures.

The **Gross Risk Indicator (GRI)** score is then calculated as the product of the RRL and the RRI scores. For example, if an indicator is scored at an RRL of 2 and an RRI of 8, then the GRI for this risk indicator is 2 X 8 = 16.

If the analyst deems that a typical bio-based project could implement economically reasonable measures or best practices that mitigate the likelihood (RRL), the impact (RRI), or both, then the GRI will be notched accordingly.

The **Loaded RI** score for each Risk Indicator is the product of the GRI score and any notched scores. Loaded RIs are the final score for a Risk Indicator.

Loaded RI scores of 4 or less are deemed very low risk; scores between 5 and 16 are deemed low risk; scores between 17 and 36 are deemed medium risk; scores between 37 and 64 are deemed high risk; and scores of 65 and greater are deemed very high risk.

The total risk rating for the BDO Zone is the average of all Loaded RI scores and Infrastructure Indicators. The BDO Zone score for Prescott, AR is ***14.18 out of 100, resulting in an 'AA' designation.***

All scoring and rationale for each Risk Indicator are provided in Section D.



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SECTION A: RISK INDICATOR SUMMARY

Figure A-1. All Risk Indicators Sorted by Risk Level

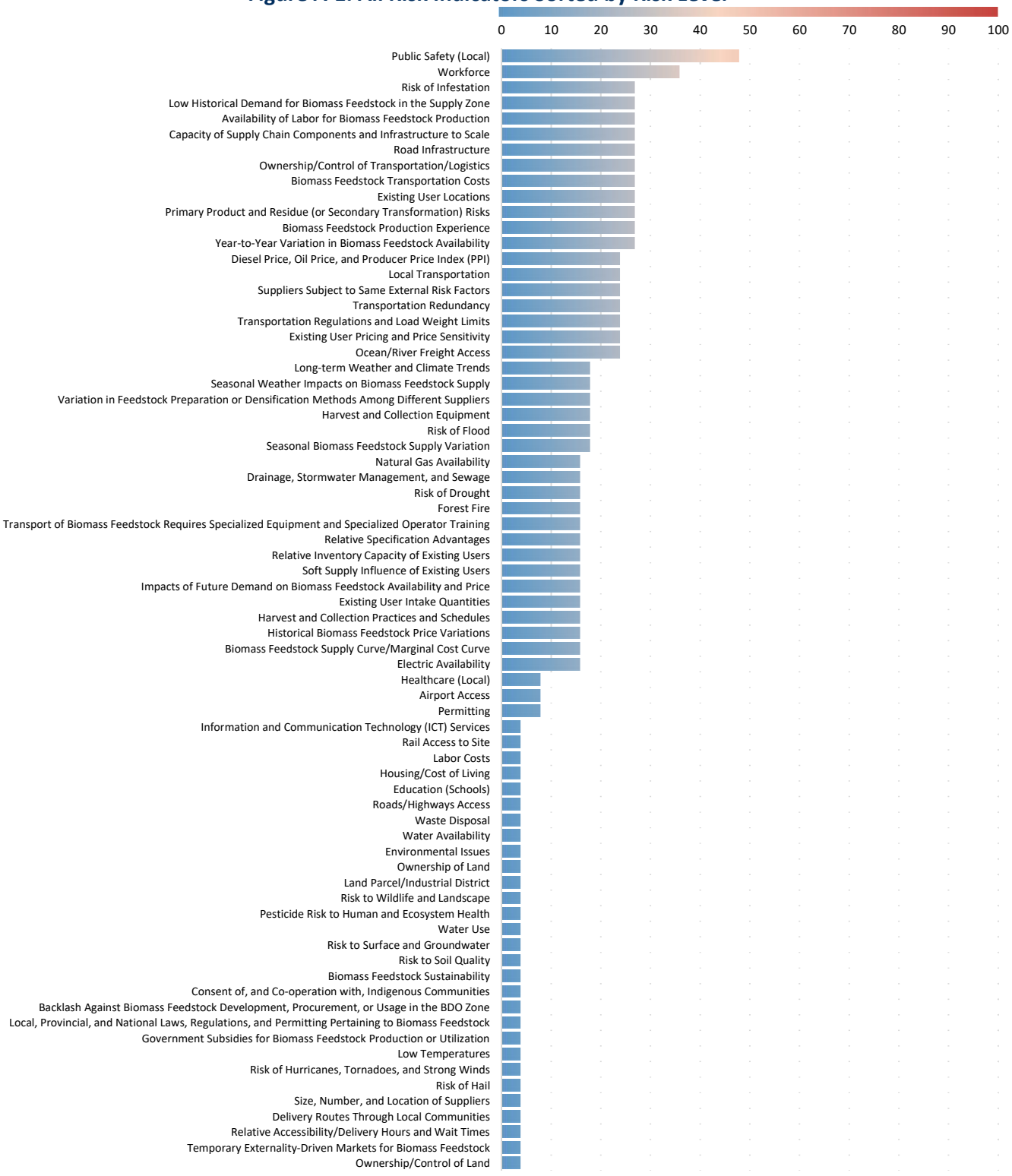


Table A-1. Risk Indicators and Associated Scores

Feedstock Supply Chain Risk Indicators	Raw Risk Likelihood	Raw Risk Impact	Gross Risk Indicator	Mitigation /Notching	Loaded RI Score
Category 1.0: Supply Chain Risk					
1.1 Risk Factor: Quantity and Delivered Cost of Available Biomass Feedstock					
1.1.1 Biomass Feedstock Supply Curve/Marginal Cost Curve	4	4	16	NN	16
1.1.2 Seasonal Biomass Feedstock Supply Variation	4	4	16	NN	16
1.1.3 Year-to-Year Variation in Biomass Feedstock Availability	6	6	36	25%	27
1.1.4 Historical Biomass Feedstock Price Variations	4	4	16	NN	16
1.2 Risk Factor: Harvest and Collection Risk					
1.2.1 Biomass Feedstock Production Experience	6	6	36	25%	27
1.2.2 Primary Product and Residue (or Secondary Transformation) Risks	6	6	36	25%	27
1.2.3 Harvest and Collection Practices and Schedules	4	4	16	NN	16
1.2.4 Harvest and Collection Equipment	6	6	36	50%	18
1.2.5 Ownership/Control of Land	2	2	4	NN	4
1.2.6 Variation in Feedstock Preparation or Densification Methods Among Different Suppliers	6	6	36	25%	27
1.3 Risk Factor: Existing Users					
1.3.1 Existing User Locations	6	6	36	25%	27
1.3.2 Existing User Intake Quantities	4	4	16	NN	16
1.3.3 Existing User Pricing and Price Sensitivity	4	6	24	NN	24
1.3.4 Impacts of Future Demand on Biomass Feedstock Availability and Price	4	4	16	NN	16
1.3.5 Soft Supply Influence of Existing Users	4	4	16	NN	16
1.3.6 Temporary Externality-Driven Markets for Biomass Feedstock	2	2	4	NN	4
1.3.7 Relative Inventory Capacity of Existing Users	4	4	16	NN	16
1.3.8 Relative Accessibility/Delivery Hours and Wait Times	2	2	4	NN	4
1.3.9 Relative Specification Advantages	4	4	16	NN	16
1.4 Risk Factor: Transportation					
1.4.1 Biomass Feedstock Transportation Costs	6	6	36	25%	27
1.4.2 Ownership/Control of Transportation/Logistics	4	4	16	NN	16
1.4.3 Transport of Biomass Feedstock Requires Specialized Equipment and Specialized Operator Training	4	4	16	NN	16
1.4.4 Delivery Routes Through Local Communities	2	2	4	NN	4
1.4.5 Transportation Regulations and Load Weight Limits	4	4	16	NN	16
1.4.6 Road Infrastructure	6	4	24	NN	24
1.4.7 Transportation Redundancy	4	4	16	NN	16
1.5 Risk Factor: Risks Related to Supply Chain Resiliency					
1.5.1 Size, Number, and Location of Suppliers	2	2	4	NN	4
1.5.2 Suppliers Subject to Same External Risk Factors	4	6	24	NN	24
1.6 Risk Factor: Biomass Feedstock Scale-up					
1.6.1 Capacity of Supply Chain Components and Infrastructure to Scale	6	6	36	25%	27
1.6.2 Availability of Labor for Biomass Feedstock Production	6	6	36	25%	27
1.6.3 Low Historical Demand for Biomass Feedstock in the Supply Zone	6	6	36	25%	27
1.7 Risk Factor: Climate and Natural Risks					
1.7.1 Seasonal Weather Impacts on Biomass Feedstock Supply	6	6	36	50%	18
1.7.2 Long-term Weather and Climate Trends	6	6	36	50%	18
1.7.3 Forest Fire	4	4	16	NN	16
1.7.4 Risk of Infestation	6	6	36	25%	27
1.7.5 Risk of Hail	2	2	4	NN	4
1.7.6 Risk of Flood	4	6	24	25%	18
1.7.7 Risk of Drought	4	4	16	NN	16
1.7.8 Risk of Hurricanes, Tornadoes, and Strong Winds	4	4	16	NN	16
1.7.9 Low Temperatures	2	2	4	NN	4
1.8 Risk Factor: Non-Weather Based Externalities					
1.8.1 Diesel Price, Oil Price, and Producer Price Index (PPI)	6	8	48	50%	24
1.8.2 Currency Risk	NR	NR	NR	NR	NR
1.8.3 Border Risk	NR	NR	NR	NR	NR
1.9 Risk Factor: Political and Social					
1.9.1 Government Subsidies for Biomass Feedstock Production or Utilization	2	2	4	NN	4
1.9.2 Local, Provincial, and National Laws, Regulations, and Permitting Pertaining to Biomass Feedstock	2	2	4	NN	4
1.9.3 Backlash Against Biomass Feedstock Development, Procurement, or Usage in the BDO Zone	2	2	4	NN	4
1.9.4 Consent of, and Co-operation with, Indigenous Communities	2	2	4	NN	4
1.9.5 Food Security Concerns	NR	NR	NR	NR	NR
1.10 Risk Factor: Sustainability and Environmental Concern					
1.10.1 Biomass Feedstock Sustainability	2	2	4	NN	4

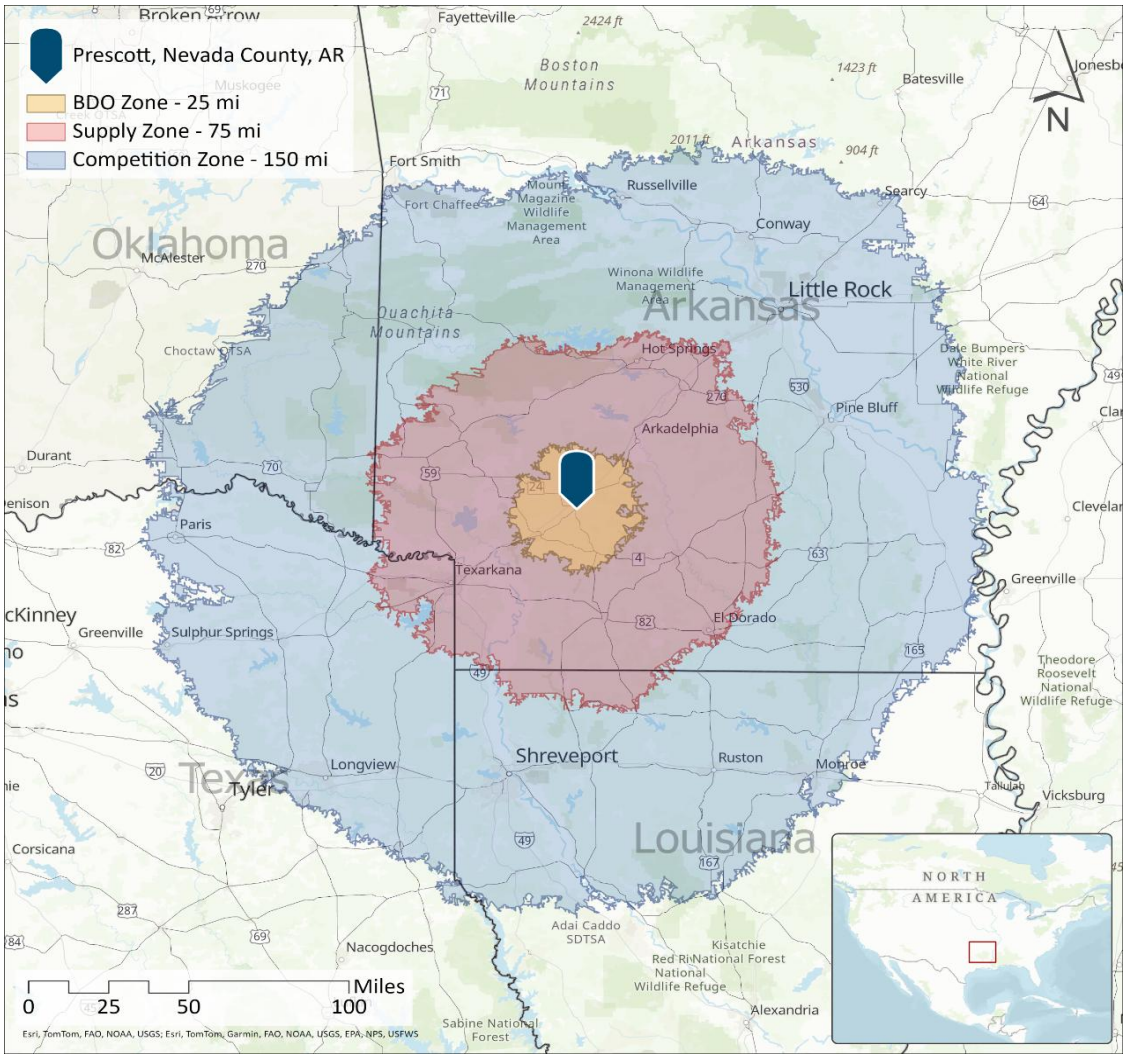
1.10.2 Risk to Soil Quality	2	2	4	NN	4
1.10.3 Risk to Surface and Groundwater	2	2	4	NN	4
1.10.4 Water Use	2	2	4	NN	4
1.10.5 Pesticide Risk to Human and Ecosystem Health	2	2	4	NN	4
1.10.6 Risk to Wildlife and Landscape	2	2	4	NN	4
Category 2.0: Infrastructure					
2.1 Risk Factor: Physical Infrastructure					
2.1.1 Land Parcel/Industrial District	2	2	4	NN	4
2.1.2 Ownership of Land	2	2	4	NN	4
2.1.3 Permitting	2	4	8	NN	8
2.1.4 Environmental Issues	2	2	4	NN	4
2.2 Risk Factor: Utilities					
2.2.1 Natural Gas Availability	4	4	16	NN	16
2.2.2 Electric Availability	4	4	16	NN	16
2.2.3 Water Availability	2	2	4	NN	4
2.2.4 Drainage, Stormwater Management, and Sewage	4	4	16	NN	16
2.2.5 Waste Disposal	2	2	4	NN	4
2.2.6 Information and Communication Technology (ICT) Services	2	2	4	NN	4
2.3 Risk Factor: Transportation/Logistics					
2.3.1 Roads/Highways Access	2	2	4	NN	4
2.3.2 Rail Access to Site	2	2	4	NN	4
2.3.3 Airport Access	4	2	8	NN	8
2.3.4 Ocean/River Freight Access	6	4	24	NN	24
2.4 Risk Factor: Social Infrastructure					
2.4.1 Healthcare (Local)	4	2	8	NN	8
2.4.2 Education (Schools)	2	2	4	NN	4
2.4.3 Local Transportation	6	4	24	NN	24
2.4.4 Public Safety (Local)	6	8	48	NN	48
2.4.5 Housing/Cost of Living	2	2	4	NN	4
2.5 Risk Factor: Labor					
2.5.1 Workforce	6	6	36	NN	36
2.5.2 Labor Costs	2	2	4	NN	4
				Average	**14.18**

SECTION B: BIOMASS AVAILABILITY AND PRICING

OVERVIEW

The assessment of available forest biomass for a prospective project in Prescott, Arkansas, incorporates three distinct zones (Map B-1). The BDO Zone represents the area defined by a 25-mile drive distance from Prescott, wherein a new biomass project could be positioned to access rated quantities of biomass. The Supply Zone encompasses the area within a 75-mile drive distance from Prescott, from where biomass will be sourced. The Competition Zone is defined by a 150-mile drive distance from Prescott, where biomass consumers/competitors are situated that impact biomass availability within the BDO Zone.

Map B-1. Map of BDO, Supply, and Competition Zone



The Supply Zone spreads over four states: Arkansas, Louisiana, Texas, and a very small portion of Oklahoma. The standing tree volume of tree species in the Supply Zone is predominantly hardwood (60%). The most prominent hardwood species are oak (21% of total standing volume), poplar (9% of total standing volume), and sweetgum (8% of total standing volume). Softwood accounts for 40% of the total standing tree volume, of which pine is the most prominent species in the Supply

Zone, accounting for 39% of total standing tree volume, with the remaining 1% of softwood being cedar[1]. Although standing tree volume in the Supply Zone is predominantly hardwood, this proportion reverses when it comes to actual timber harvest. Total roundwood removals are overwhelmingly softwood: in 2024, softwood accounted for approximately 85% of total removals (5.3 million bdt of 6.3 million bdt), compared to just 15% for hardwood (under 1.0 million bdt).

The Supply Zone has experienced steady growth of standing merchantable timber inventory (Figure E-1). An increase of 49.3 million bone dry tons (bdt) (20%) of standing merchantable timber inventory was recorded from 2015 to 2024. As for small-diameter/pulpwood standing timber, a steady increase was also observed. Between 2015 and 2024, pulpwood standing timber increased by 1.2 million bdt (22%). The majority of standing timber (88%) is located on privately owned forests (Figure E-3), and almost all harvests (97%) occur on these privately owned forest lands (Figure E-4)[2].

Forestry represents an important economic contributor within the region, with 30 operational forest products facilities, including six pellet plants, five OSB mills, 10 pulp and paper plants, and nine CHP units (eight of which are co-located at pulp and paper mills in the Competition Zone).

EVALUATED FEEDSTOCKS

The three rated biomass types are:

Pulpwood: Pulpwood Harvest consists of trees with diameters at breast height (DBH) between 5.0 inches and 10.9 inches generated during sawtimber logging. Pulpwood Logs consist of the upper-stem biomass from sawtimber trees that do not meet sawmill specifications. Also, potential harvest of pulpwood size trees during thinning operations was included.

Forest residues: Stem sections of tree stems that cannot be processed into merchantable logs (i.e., sawlogs or pulp logs); these include stem tops and large branches.

The rated feedstock quantities presented herein were determined through estimation of potentially harvestable amounts of each biomass type in the Supply Zone, with consideration of anticipated demand for biomass in the Competition Zone. A Biomass Availability Multiple (BAM) has been applied to account for the overarching assumptions, uncertainties in underlying data, models, and future operating conditions. The resulting rated quantities represent conservative estimates of biomass availability for new bio-projects. Once supply chains are developed, additional quantities of biomass are expected. Price ranges were established through market analysis and outreach in the Competition Zone and represent current expected delivered prices that a new project will need to pay to secure the rated quantities.

SUPPLY ANALYSIS

Pulpwood

The Supply Zone primarily produces softwood sawlogs. There is a total of 26 sawmills currently operating in the Supply Zone. Of these, 15 are softwood sawmills, seven are hardwood sawmills, and four are mixed hardwood and softwood sawmills. Logging in this area relies almost exclusively on traditional roundwood harvesting, which involves cutting, skidding, loading, and hauling whole logs. In-woods chipping is almost nonexistent.

[1] apps.fs.usda.gov/fiadb-api/evalidator
[2] Ibid.

Figure B-1. Average Net Growth, Average Annual Removals, and Growth to Drain Ratios for All-DBH Classes (left) and Pulpwood DBH (right) Classes in the Supply Zone (2014-2023)[3]

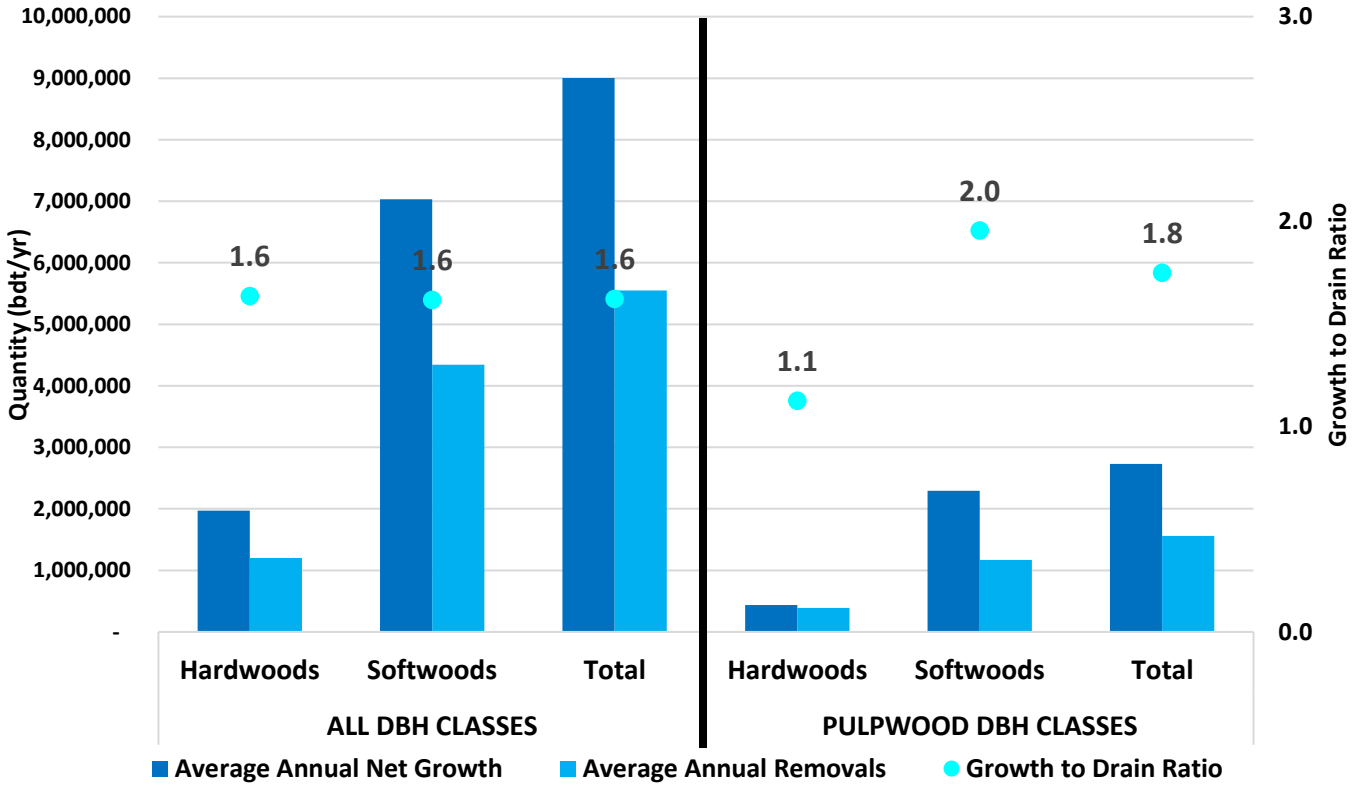


Figure B-1 illustrates the average annual net growth and removals per major species categories (hardwoods and softwoods) for all DBH classes (left) and pulpwood DBH classes (right). Overall, the forest stands in the Supply Zone exhibit substantial annual net growth (9.0 million bone dry tons per year (bdt/yr)), of which just under two-thirds (5.5 million bdt/yr) is harvested. The growth-to-drain (GTD) ratio[4] of 1.6 indicates a sustainable harvest level and an opportunity to increase the timber harvest in the Supply Zone. The data for pulpwood suggest a similar distribution of growth and harvest values, with a sustainable GTD ratio of 1.8. This GTD ratio indicates that potentially 922,000 bdt/yr of standing pulpwood may be available to a new project[5].

The FIA data estimates that approximately 1.56 million bdt/yr of pulpwood-size trees are harvested in the Supply Zone on average. Additionally, FIA data indicates that approximately 426,000 bdt/yr of pulpwood logs are generated through commercial harvesting operations in the Supply Zone[6]. A pulp log is a log that is sorted during log processing operations as unsuitable for sawmilling or veneer production due to its size, straightness, knots, rot, or other defects. Table B-1

[3] apps.fs.usda.gov/fiadb-api/evalidator. Variables: 574007 Average annual net growth of merchantable bole bark and wood biomass of growing-stock trees (at least 5 inches d.b.h.), in dry short tons, on timberland; 574049 Average annual removals of merchantable bole bark and wood biomass of growing-stock trees (at least 5 inches d.b.h.), in dry short tons, on timberland.
[4] The ratio between the annual net growth and removals. A GTD > 1.1 indicates sustainable removals below the net growth measured in a forest area
[5] Estimated based on a potential increase in pulpwood harvesting from GTD ratio of 1.8 to a GTD ratio of 1.1.
[6] apps.fs.usda.gov/fiadb-api/evalidator, Variable 574054: Average annual removals of merchantable bole bark and wood biomass above the sawlog of sawtimber trees, in dry short tons, on timberland

summarizes the total annual pulpwood availability in the Supply Zone and indicates that an average of 2.9 million bdt/year of pulpwood could be generated in the Supply Zone.

Map B-2. Map of operational sawmilling facilities in the Supply Zone.

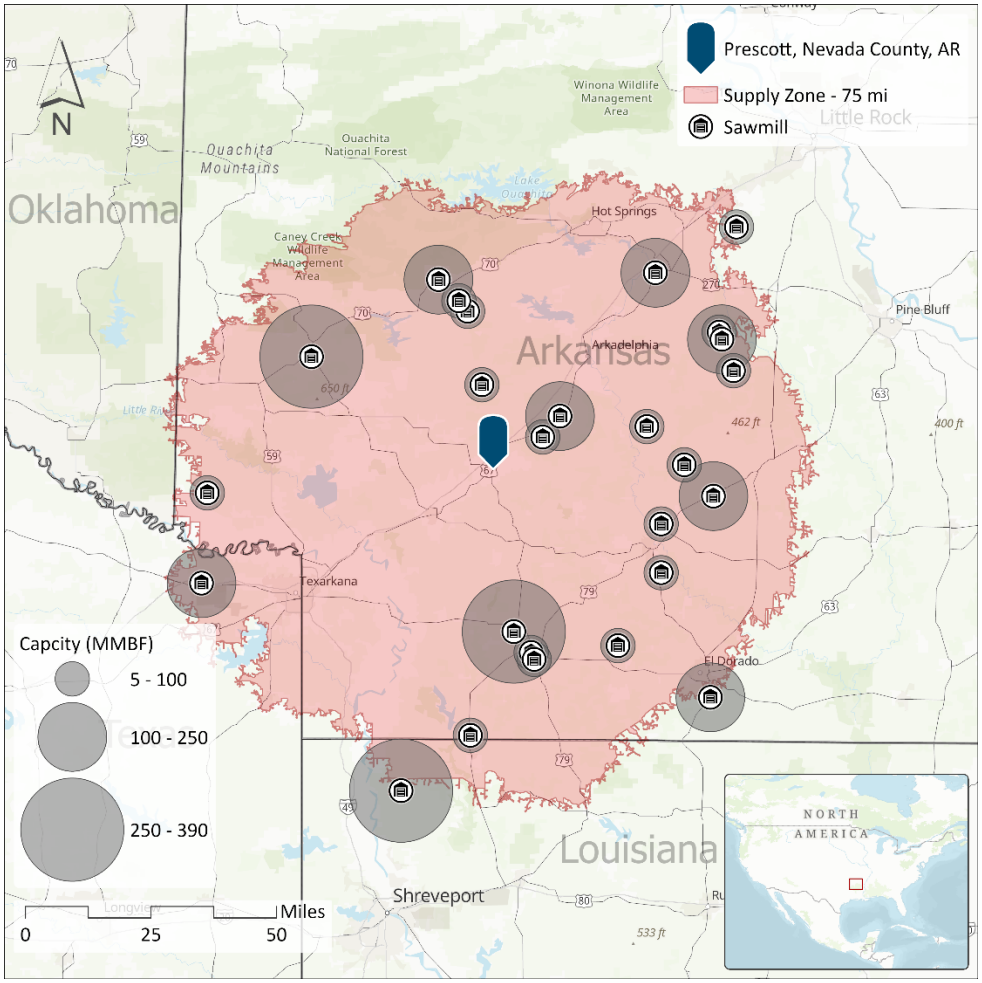


Table B-1. Annual Pulpwood Production Estimates

Source	Quantity (bdt/yr)
Pulpwood Harvest	1,560,000
Pulpwood Logs	426,000
Potential Thinnings	922,000
Total Pulpwood Available	**2,908,000**

Forest Residues

The FIA data estimates that, on average, approximately 1.4 million bdt/yr of forest residues[7] are generated in the Supply Zone from harvesting operations. Local forestry experts indicated that forest residues in the region are typically left on the forest floor, crushed during harvesting, or consumed by prescribed fires.

Sawmill Residues

There is a total of 26 sawmills currently operating in the Supply Zone (Map B-2). Of these, 15 are softwood sawmills, seven are hardwood sawmills, and four are mixed hardwood and softwood sawmills. The total sawmill capacity is currently 2,645 MMBF/yr. The total capacity of purely softwood sawmills is 2,469 MMBF/yr, with a range of 20 and 390 MMBF/yr. The total capacity of purely hardwood sawmills is 112 MMBF/yr, with a range of 5 and 50 MMBF/yr. The total capacity of mixed hardwood and softwood sawmills is 64 MMBF/yr, with a range of 5 and 24 MMBF/yr. Two large sawmills are located within 50 miles of Prescott, AR, with capacities of 230 and 340 MMBF/yr. Analysis estimates that approximately 3.3 million bdt/yr of sawmill residues are generated across all sawmills in the Supply Zone (Table B-2).

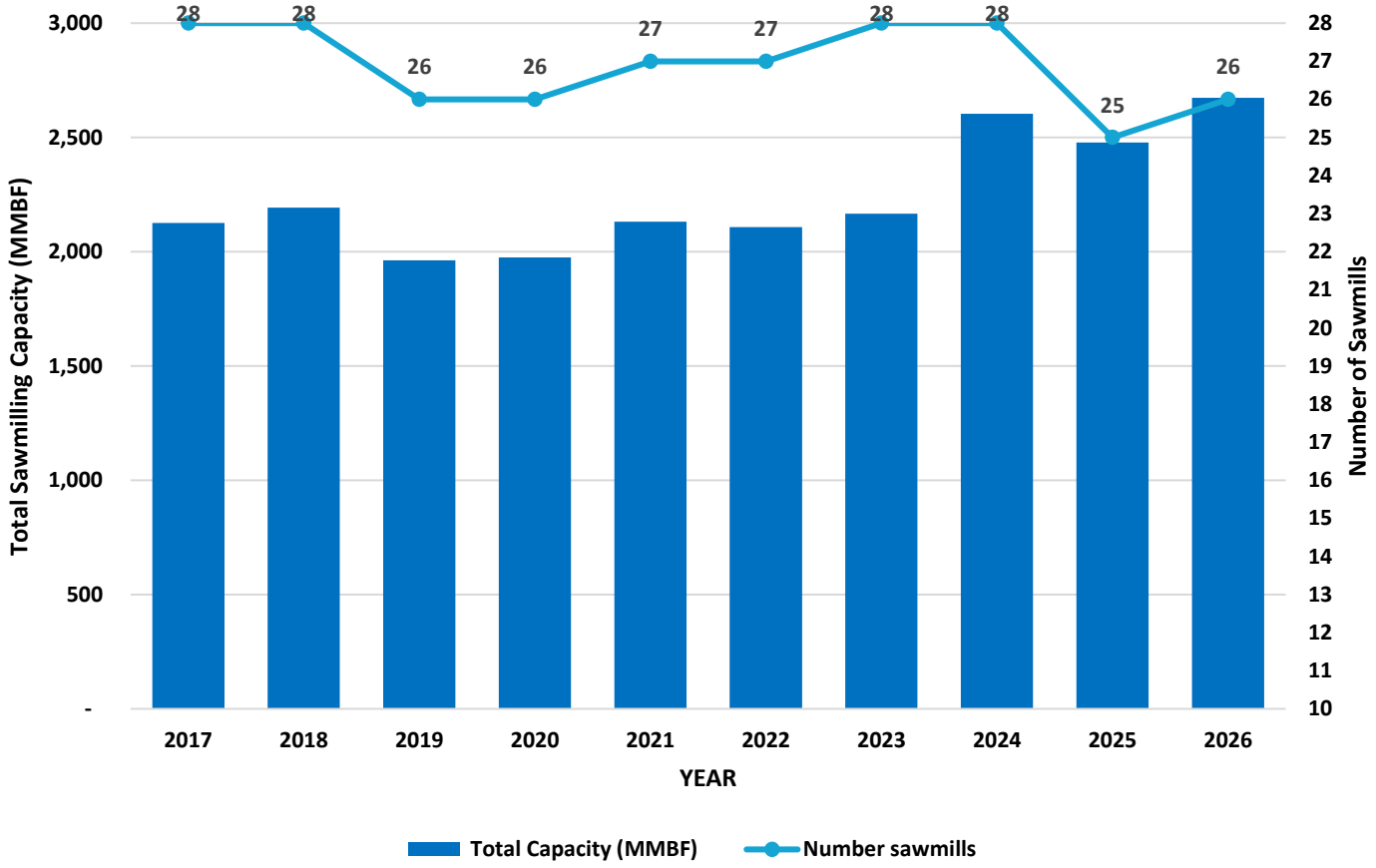
Table B-2. Sawmill Residue Production and Availability Estimates in the Supply Zone

Sawmill Residue	Chips	Sawdust	Shavings	Bark	TOTAL
Estimated Quantity (bdt/yr)	1,907,000	289,100	404,700	664,900	**3,265,700**

Figure B-2 indicates that sawmilling capacity in the Supply Zone remained relatively consistent from 2017-2023, with a notable jump in 2024, a slight dip in 2025, then a recovery beyond 2024 levels in 2026. As for the number of active sawmills, the Supply Zone experienced a drop in 2019, going from 28 to 26 mills, where it then underwent a period of gradual growth, reaching 28 in 2024. Then, in 2025, the number of mills decreased to 25, the lowest number over the past 10 years. In 2026, the number of sawmills partially recovered, with 26 active mills.

[7] apps.fs.usda.gov/fiadb-api/evalidator, Variables: 574065 - Average annual removals of top and limb bark and wood biomass of growing-stock trees (at least 5 inches d.b.h.), in dry short tons, on timberland. 574040 - Average annual mortality of top and limb bark and wood biomass of growing-stock trees (at least 5 inches d.b.h.), in dry short tons, on forest land.

Figure B-2. Historical sawmilling capacity (MMBF) and number of sawmills in the Supply Zone.[8]



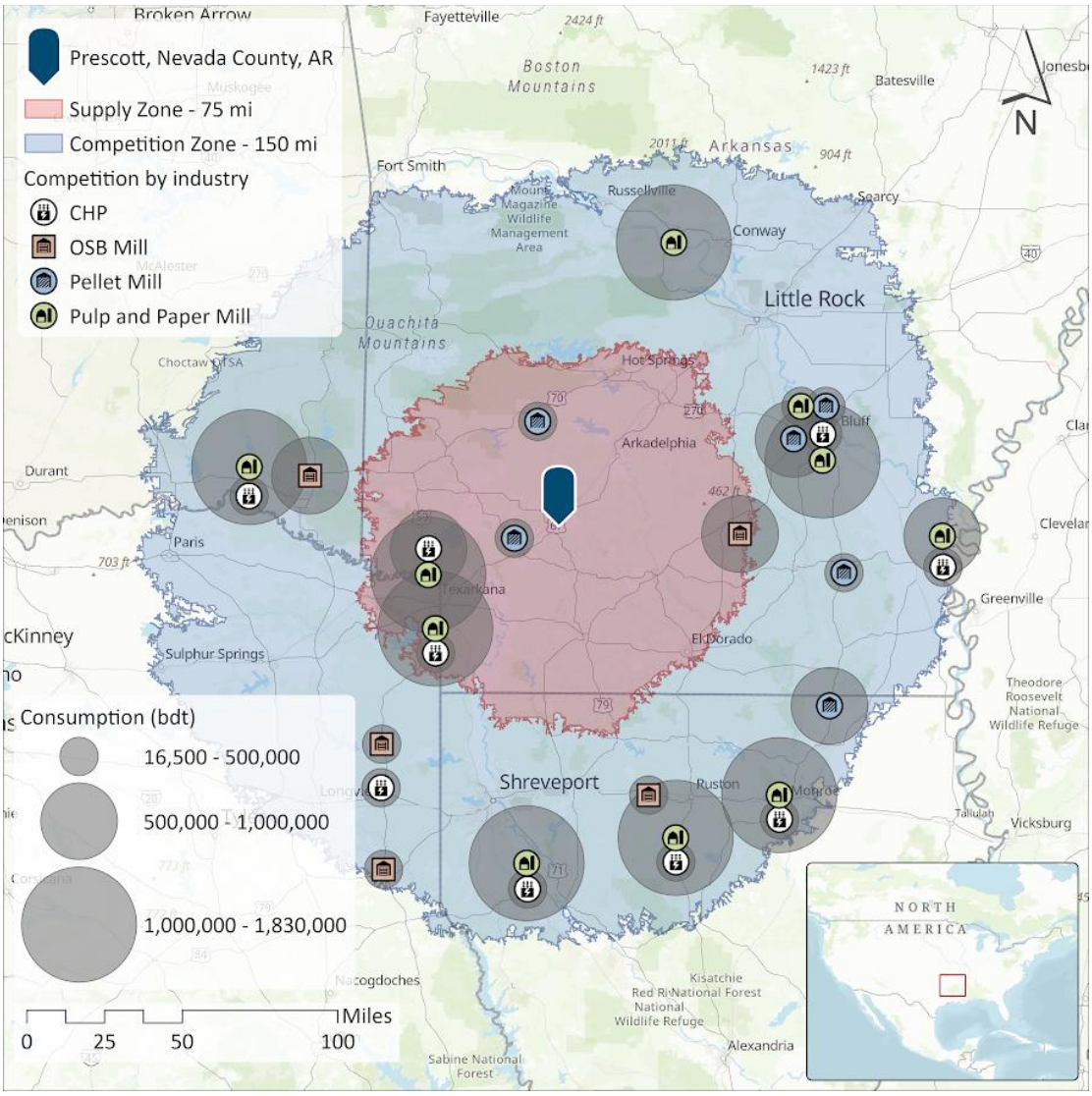
COMPETITION ANALYSIS

Thirty operational consumers of biomass exist within the Competition Zone (Map B-3): six pellet plants, five OSB mills, 10 pulp and paper plants, and nine CHP units, eight of which are co-located at pulp and paper mills in the Competition Zone. Total wood intake by competing facilities declined from 2017 to 2020, dropping from approximately 21.5 million bdt/yr to a low of 19.6 million bdt/yr. This was followed by a recovery through 2021, after which intake stabilized between 20.5 and 20.7 million bdt/yr from 2021 to 2024. In 2025, total wood intake dropped sharply to approximately 19.5 million bdt/yr — nearly matching the 2020 low — and remained flat into 2026. The number of active biomass facilities followed a different pattern, declining gradually from 32 facilities in 2017 to 30 by 2020, before recovering to 33 facilities in 2021 and holding steady through 2024. In 2025, the count fell again to 30 sites — the lowest over the past 10 years — where it remains in 2026 (Figure B-3).

The 30 currently operational competitors in the Competition Zone consume an estimated 19.5 million bdt of woody biomass per year, of which an estimated 5.1 million bdt/yr (26%) is potentially sourced within the Supply Zone. Table B-4 shows that after considering the current estimated demand, approximately 2.4 million bdt/yr of woody biomass remains potentially available to a new project.

[8] forisk.com/product/north-american-forest-industry-capacity-database/

Map B-3. Map of Biomass Competitors in the Competition Zone[9]



[9] forisk.com/product/north-american-forest-industry-capacity-database

Figure B-3. Historical Total Wood Intake and Number of Facilities in the Competition Zone[10]

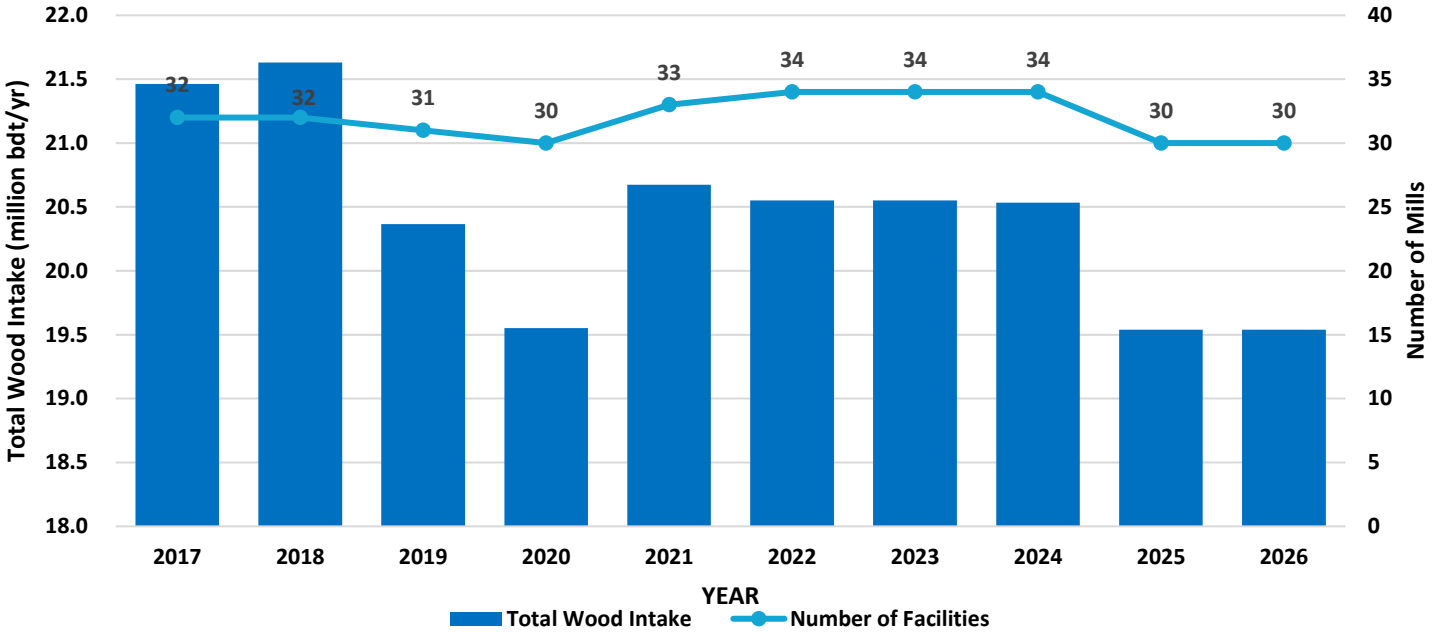


Table B-3. Biomass Demand by Competitor Category

Competitor Category	Biomass Demand (bdt/yr)	% Total Demand	Feedstock Demand from Supply Zone* (bdt/yr)	Feedstock Mix
Pulp and Paper Mill	11,977,000	61%	3,335,000	60% sawmill residues & 40% pulpwood
OSB Mill	2,735,000	14%	645,000	100% pulpwood
Pellet Mill	1,946,000	10%	435,000	100% sawmill residues
CHP	2,882,000	15%	733,000	100% sawmill residues
Total	**19,540,000**		**5,148,000**	

* Adjusted proportionally to the distance from Prescott, AR to each competitor.

Table B-4. Woody Biomass Production, Demand, and Availability by Feedstock Type

Feedstock Type	Generation (bdt/yr)	Demand (bdt/yr)	Availability (bdt/yr)
Pulpwood	2,908,000	1,882,000	1,026,000
Forest residues	1,368,000	0	1,368,000
Sawmill residues	3,266,000	3,266,000	0
TOTAL	**7,542,000**	**5,148,000**	**2,394,000**

[10] Forisk Database

Potential future competition

One proposed consumer of woody biomass was identified within the Competition Zone: Highland Pellets — "Project Oscar" Biomass Power Plant, in Pine Bluff, AR (107-mile drive from Prescott). This proposed site is a biomass power plant with an integrated carbon capture and sequestration (CCS) project. The facility will supply electricity to the already existing Highland Pellets pellet mill in Pine Bluff, AR. Heat generated as a byproduct of Project Oscar will be transferred via an insulated pipeline to a nearby poultry processing facility, managing its hot water needs[11]. No capacity or total intake of material was found. Project Oscar is in very early stages: as of March/April 2026, Highland Pellets submitted a Section 404 Clean Water Act permit application to the U.S. Army Corps of Engineers Little Rock District. Another proposed site in the region is Strategic Biofuel's Louisiana Green Fuels (LGF) facility in Caldwell Parish, LA. However, this site is outside the Competition Zone (about a 172-mile drive from Prescott) and is therefore assumed to have little to no impact on a new project based in the BDO Zone.

RATED QUANTITIES AND PRICING

Rated quantities and price ranges for each feedstock type are presented in Table B-5. The rated quantity of pulpwood was determined by applying a Biomass Availability Multiple (BAM, i.e. redundancy factor) of 1.5 to the estimated pulpwood availability. The rated quantity of forest residue was determined using a BAM of 4.0, as there is a lack of regional forest residue supply experience and a high degree of uncertainty related to the realistically accessible portion of forest residue. Price ranges are based on cost estimates and outreach to local forestry professionals. Table B-6 displays a price breakdown of pulpwood and forest residues based on data collected from outreach and available literature.

Table B-5. Rated Quantities and Delivered Price Ranges of Biomass in the Supply Zone

Biomass type	Available Quantity (bdt/yr)	Biomass Availability Multiple (BAM)	Rated Quantity (bdt/yr)	Delivered Price Range ($/bdt)
Pulpwood	1,026,000	1.5	684,000	$55-$65
Forest residues	1,368,000	4.0	342,000	$60-$80
TOTAL	2,394,000		1,026,000	

Table B-6. Price Estimates from Outreach

Biomass type	Delivered Price Range ($/bdt)	Average Delivered Price ($/bdt)	Average Stumpage ($/bdt)	Average Logging Cost ($/bdt)	Average Transportation Cost ($/bdt)	Average Collection ($/bdt)	Average Grinding ($/bdt)
Pulpwood	$55-$65	60	8	32	20		
Forest residues	$60-$80	70			20	10	40

*Average costs include profit margins.

[11] https://biomassmagazine.com/articles/highland-pellets-seeks-permit-for-biomass-power-ccs-project

OPERATIONAL CONSIDERATIONS

Local foresters have communicated that the region's current capacity of labor and equipment would be sufficient to support a new project, with the exception of in-woods chipping equipment, which is scarce in the region. Current production is severely throttled by mill quotas from existing consumers. As a result, latent capacity exists, but activating it requires a new entrant that offers a reliable, even-flow intake model rather than the stop-go quota environment that currently dominates the region.

Forest residue supply presents a scale-up challenge in the Supply Zone. Local logging contractors suffered heavy financial losses in prior decades after investing in chipping equipment only to have mill purchasing requirements change or contracts cancelled, and outreach confirmed that this experience has created deep reluctance to re-enter the in-woods chipping sector. As a result, forest residues in this Supply Zone are predominantly left on the forest floor, crushed during harvesting operations, or consumed by prescribed fire, rather than recovered for secondary markets. A new project targeting forest residues as a rated feedstock would therefore need to directly address this barrier — either through direct financial subsidization of contractors purchasing chipping or grinding equipment, or by providing equipment financing arrangements similar to strategies employed by some regional pellet facilities to secure in-woods chipping capacity.

SECTION C: INFRASTRUCTURE



PROPERTY OVERVIEW

Site Name:	Prescott Industrial Park
Address:	Interstate 30
City:	Prescott
State:	Arkansas
County:	Nevada
Acres:	126
Pricing:	$20,000/acre
Topography:	Former pasture land, flat
Zoning:	Industrial

SITE CONTACTS

Economic Development Contact
Mary Godwin
(870) 703-4912
mgodwin@pnpartnership.org

ADDITIONAL NON-RATED SITES

Infrastructure Site Contact
Jaidan Hunt
Manager of Advisory Operations
jaidan@ecostrat.com

See Section F for additional non-rated sites.

TRANSPORTATION

The Prescott Industrial Park has direct interstate access via I-30, with the site situated on the frontage highway running between Exits 44 and 46; the primary access road is AR 200 (Ron Harrod Blvd), placing the interstate approximately 0.5–0.6 miles from the site. The nearest commercial/freight airport is Texarkana Regional–Webb Field at 41.8 miles, while the closer general aviation Kizer Field (4F7) is 2.5 miles away and Gurdon Lowe Field (5M8) is 15.4 miles distant. Rail service is on-site via the Prescott & Northwestern Railroad, which connects to Union Pacific Railroad. An additional rail option, Arkansas Midland Railroad (a Genesee & Wyoming company), is located approximately 1 mile from the site.

ELECTRIC SERVICE

Electric service is provided by the Municipal City of Prescott, with three-phase power at 13.8 kV confirmed as on-site. **Contact:** Larry Jones, Operations Manager, Electric Department, (870) 703-8162

NATURAL GAS

Natural gas service is provided by Summit Utilities, and a 2-inch natural gas line with 21 psi is adjacent to the site (approximately 200 yards). **Contact:** Chauncey Taylor, Key Accounts Manager, Summit Utilities, (501) 377-4557

WATER

Municipal water service is provided by the City of Prescott, with a 12-inch main on site. The City of Prescott is sourced by the Little Missouri River, with a 2 million GPD capacity with peak consumption of 900,000 GPD. **Contact:** Mary Godwin, (870) 703-4912, mgodwin@pnpartnership.org

WASTEWATER

Municipal sewer service is provided by the City of Prescott, with an 8-inch main on site. The City of Prescott wastewater treatment plant has a plant capacity of 850,000 GPD with peak treatment of 600,000 GPD. **Contact:** Mary Godwin, (870) 703-4912, mgodwin@pnpartnership.org

TELECOMMUNICATIONS

Telecommunications infrastructure is available on site, and is provided by Brightspeed, with fiber optic connections. **Contact:** Bobby Holt, Brightspeed, (870) 809-9905

SECTION D: RISK INDICATOR SCORING METRICS

CATEGORY 1.0: SUPPLY CHAIN RISK

1.1 Risk Factor: Quantity and Delivered Cost of Available Biomass Feedstock

1.1.1 Biomass Feedstock Supply Curve/Marginal Cost Curve

Rationale: The greater the feasible transport distance, the more feedstock is accessible to the Issuer, but at a higher delivered cost. The feedstock supply curve, sometimes referred to as the marginal cost curve, is a function of feedstock availability over its cost, which is primarily, but not exclusively, a function of distance. The feedstock supply curve is used to determine the availability of redundant feedstock at various price points, as well as the cost of replacing feedstock with substitutes located at different distances.

Feedstock cost curves are useful in determining supply chain resilience; they provide information about the cost of feedstock availability in times of supply disturbance. Biomass supply chains are prone to supply disturbances over time; suppliers can become insolvent, or weather events can temporarily disrupt feedstock availability. When a disturbance occurs, the Issuer may need to source replacement feedstock from different suppliers at different locations and at different costs. A biomass supply curve indicates quantities of feedstock available at various price levels from suppliers generally located further away than the core supplier.

Risk Information: Figures E-7 and E-8 (Section E) show the feedstock supply and marginal cost curves for pulpwood and forest residue, respectively. The curves indicate that the rated quantities of pulpwood and forest residue can be likely acquired within 30-mile drive distance of Prescott, assuming a capture ratio of 100%. The supply curves indicate that additional feedstock volumes remain available within the rated price ranges of $55-$65/bdt and $60-$80/bdt for pulpwood and forest residues, respectively, providing a buffer against availability uncertainties. Risk related to the supply and marginal cost curve, in the context of rated quantity and pricing, is deemed low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**16**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**16**

1.1.2 Seasonal Biomass Feedstock Supply Variation

Rationale: Biomass supply can present significant seasonal variations. Seasonal supply variations, combined with limitations associated with longer-distance transportation and storage, can lead to BDO Zone biomass supply imbalances,[12] which can manifest in shortages and higher costs for Issuers.

Risk Information: Woody biomass supply in Southwest Arkansas is subject to predictable seasonal disruptions, primarily during the wet winter and spring months when saturated soils render lowland and bottomland tracts inaccessible to harvesting equipment. Mitigation strategies applicable to this BDO Zone include: maintaining sufficient feedstock inventory by stockpiling during the dry fall months; and holding option agreements with suppliers located on better-

[12] Golecha & Gan, 2016.

drained upland sites, which remain operable during wet periods. Existing large consumers in the region already employ stockpiling as a standard practice, confirming its viability as a mitigation measure in the Supply Zone.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**16**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**16**

1.1.3 Year-to-Year Variation in Biomass Feedstock Availability

Rationale: Biomass can have significant year-to-year supply variations due to variability in yield from biomass harvesting operations.

Risk Information: Historical harvesting data for the Supply Zone demonstrates a strong and sustained upward trend in total roundwood removals, growing from approximately 4.6 million bone-dry tons (bdt) in 2015 to approximately 6.3 million bdt in 2024 — an overall increase of roughly 35% over the decade. Softwood removals drove this growth, rising from 3.2 million bdt in 2015 to 5.3 million bdt in 2024, while hardwood removals declined from approximately 1.4 million bdt in 2015 to under 1.0 million bdt in 2024. Pulpwood-specific removals followed the same upward trajectory, increasing from 1.3 million bdt in 2015 to approximately 1.9 million bdt in 2024, with softwood pulpwood representing the dominant and growing share of that volume — rising from about 830,000 bdt in 2015 to over 1.6 million bdt in 2024. Year-to-year fluctuations in harvest volumes are modest relative to the overall trend. Notably, the area boasts a growth-to-drain ratio of 1.6 for all roundwood and 1.8 for pulpwood, which indicates that standing timber inventory is accumulating faster than it is being harvested, providing a substantial buffer against year-to-year variation in biomass availability.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	**36**
Mitigation/Notching	**Notch**
Secure a varied, multi-year mix of supply sources so that a weak harvest in one region can be balanced out by stronger yields elsewhere. Build the core supply around guaranteed pulpwood volumes, using forest residues as a flexible supplement, and back this up with inventory buffers to smooth out fluctuations.	**25%**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 27 out of 100.	**27**

1.1.4 Historical Biomass Feedstock Price Variations

Rationale: If the historical feedstock price shows volatility, then the risk of future price fluctuation is elevated. If feedstock prices have historically exceeded the price at which the Issuer would have to cease operations or breach a financial covenant (i.e., the "red line" feedstock cost), then mitigation measures should be put in place.

Risk Information: Historical biomass feedstock price variations are influenced by shifting macroeconomic demands, localized weather disruptions, and regional facility capacity. Analyzing 10 years of historical, inflation-adjusted biomass price data provides insight into market volatility across the different feedstock types under investigation.

Over the 10-year period (2015–2025), inflation-adjusted pulpwood prices saw overall decreases when comparing the most recent values to those from a decade ago. Hardwood pulpwood reached a 10-year high of $105.08/bdt (2026$) in 2015 and hit a low of $67.94/bdt (2026$) in 2024. Hardwood pulpwood experienced a decrease of around 30% from 2015 to 2025. Softwood pulpwood reached a 10-year high of $76.98/bdt (2026$) in 2015 and bottomed out at a low of $54.78/bdt (2026$) in 2025. Softwood pulpwood experienced a 29% decrease from 2015 to 2025. Softwood in-woods chips saw a 25% increase from 2015 to 2025, reaching a high of $81.56/bdt (2026$) in 2022 and a low of $51.06/bdt (2026$) in 2015. Importantly, this data is regional, not local, which explains the difference in the rated price. However, using this data to assess trends revealed that pricing in the region has historically fluctuated. As a result, risk is deemed low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**16**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**16**

1.2 Risk Factor: Harvest and Collection Risk

1.2.1 Biomass Feedstock Production Experience

Rationale: Risk is higher when suppliers have limited experience with planting, growing, harvesting, processing, and/or collecting biomass. Limited experience may be common for forest residue supply chains where forestry producers may have no previous experience.

Risk Information: Pulpwood production is mature and well-established through an extensive plantation-thinning industry (low risk), but no local grinding exists (high risk). The blended rating reflects this split, with residues driving risk upward. The risk is set to medium.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	**36**
Mitigation/Notching	**Notch**
Anchor the base supply in pulpwood, since local producers already harvest and deliver it reliably. Forest residues, which currently pose challenges in the area, should be approached more cautiously — beginning with smaller, manageable collection efforts to build up experience.	**25%**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 27 out of 100.	**27**

1.2.2 Primary Product and Residue (or Secondary Transformation) Risks

Rationale: If the feedstock is a new/secondary product or a by-product, suppliers may either lack sufficient experience to mitigate risk or be unable to react to such risk. Secondary products or by-product producers may be less likely to prioritize production. For new product types, inexperience in planting, harvest, collection, and yield data may pose higher levels of risk. If the feedstock is a secondary transformation (i.e., forest residue), then production can be subject to variables beyond suppliers' control (e.g., changing demand for sawtimber).

Risk Information: Pulpwood in this Supply Zone is generated both as a by-product of sawtimber harvesting and independently through thinning operations. Demand for the primary product — softwood sawtimber — is principally driven by U.S. residential construction activity, which has remained under sustained pressure from elevated mortgage rates. Despite this near-term softness, long-term sawtimber demand fundamentals remain supported by an underlying national housing shortage. Thinnings, as a semi-independent feedstock source, are less sensitive to primary product demand fluctuations, and the region's large backlog of stands requiring thinning provides meaningful supply insulation for a new biomass entrant. Risk is deemed medium.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	**36**
Mitigation/Notching	**Notch**
Rely on proven pulpwood to carry the base load, treating forest residues as a secondary stream during the ramp-up period. Consequently, a shortfall in forest residue recovery will not jeopardize the overall supply.	**25%**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 27 out of 100.	**27**

1.2.3 Harvest and Collection Practices and Schedules

Rationale: Differences in harvest timing and practices used can create risk to both the quantity and quality of feedstock. For example, feedstock harvested by different suppliers in different windows can undergo varying levels of exposure to sun, wind, and moisture, leading to variations in delivered feedstock quality. For forestry biomass, unsightly clear-cuts and slash piles (even on plantation forests and especially when located near communities) can provoke unwanted public backlash even when suitable and sustainable replanting regimes are followed.

Risk Information: The region uses a consistent tree-length, ground-based harvesting system feeding sawmills. Consequently, harvest practices are relatively homogeneous and pulpwood quality risk is low. Clear-cuts and slash piles are routine on plantations; residue quality will vary with weather exposure and pile age. Assuming that a new project will develop and deploy a rigorous logistic and quality control program, this risk is low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**16**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**

The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**16**

1.2.4 Harvesting and Collection Equipment

Rationale: Different types of harvesting and collection equipment used by suppliers in a BDO Zone can have a significant impact on the quality and availability of feedstock. Using different types and combinations of harvesting, collection, and processing equipment among suppliers can lead to non-homogeneous feedstock. Equipment that is not designed specifically for biomass cultivation, harvesting, and collection can increase feedstock quality risks. Relevant equipment should be specified for the sake of product consistency and risk reduction.

Risk Information: Roundwood harvesting operations rely on cutting machines and skidders, with equipment primarily owned by small, independent, family-run logging contractors who also operate their own log truck fleets. Regional foresters and industry contacts have confirmed that the equipment capacity of the logging sector would be sufficient to support a new project in terms of pulpwood, at the rated quantities. With respect to forest residue, however, the equipment necessary to process it is not present in the region. There are significant barriers in mobilizing the supply chain for forest residue: incentivizing local loggers in investing in expensive grinders is likely to be challenging in the short-term, given the lack of other markets for forest residue. The combined pulpwood and forest residue supply chain risk related to harvesting and collection equipment is deemed medium.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	**36**
Mitigation/Notching	**Notch**
Set out clear feedstock specifications covering size, moisture, and contamination levels, and keep control of the grinding step — whether in-house or through contract — so residue particle size remains consistent instead of varying by crew and equipment. Inspect loads at the gate and enforce price adjustments or rejection terms as needed.	**50%**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 18 out of 100.	**18**

1.2.5 Ownership/Control of Land

Rationale: Suppliers that own land or a production facility where feedstock is produced tend to have better control of supply chains and present lower degrees of supply risk.

Risk Information: The vast majority of standing timber in the Supply Zone is privately owned timberlands (88%), and most harvests (97%) happen on these privately owned woodlands. The private land is held by family forest landowners, and a substantial portion is controlled by large corporate and institutional owners including timber investment management organizations (TIMOs) and real estate investment trusts (REITs). Direct negotiation with individual landowners is not necessary, as timber procurement is efficiently aggregated through timber buyers and consulting foresters who act as gatekeepers to the supply. Timber sales on non-industrial private lands are generally conducted through negotiated bids or direct calls rather than formal open bids, while large corporate landowners offer three-to-five-year supply contracts. Risk is deemed very low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**

Gross Risk Indicator (GRI)	Score
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	4
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

1.2.6 Variation in Feedstock Preparation or Densification Methods Among Different Suppliers

Rationale: The shape and density of the unit in which feedstock is supplied can impact feedstock cost and quality. Standard feedstock densification modes for biomass consist of round or square bales, pellets, cubes, chips, or grindings. The size of wood fiber processed in a grinder is less homogenous than if a chipper is used.

Risk Information: The regional supply chain is optimized almost exclusively for roundwood delivery, and densification or chipping capacity dedicated to forest residue recovery is practically nonexistent. In-woods chipping is essentially absent from the Supply Zone: logging contractors suffered significant financial losses in the early 2000s and again in the mid-2010s after investing in chipping equipment only for mills to change purchasing requirements or cancel contracts, and this history has created deep, persistent reluctance to re-enter the sector. The risk for this RI is scored very low for pulpwood and very high for forest residue, resulting in a combined medium risk.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	6
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	**36**
Mitigation/Notching	**Notch**
Risk related to lack of equipment for forest residue processing can be mitigated by a new project financing or purchasing such equipment, or through general vertical integration of forest residue processing.	**25%**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 27 out of 100.	**27**

1.3 Risk Factor: Existing Users

1.3.1 Existing User Locations

Rationale: Competitors' locations relative to siting locations within a BDO Zone can affect the viability of procuring feedstock and the cost of that feedstock. Accurate and detailed competitor mapping provides an understanding of a competitor's geographical influence on new plants within a BDO Zone, including competitive advantages such as short hauling.

Risk Information: The Competition Zone contains 30 operational consumers of biomass comprised of six pellet plants, five OSB mills, 10 pulp and paper plants, and nine CHP units, eight of which are co-located at pulp and paper mills in the Competition Zone. Regarding current market dynamics, sawmill residuals are highly sought after and fully utilized by existing facilities (sawmill residuals are not rated in this report). These regional consumers also have a relatively high demand for pulpwood, however, there is still room for a new entrant. On the other hand, the market for forest residues is effectively nonexistent, with residues predominantly left on the forest floor or burned by prescribed fire. Since the rated quantities account for existing competition, the risk is deemed medium.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	6

Raw Risk Impact (RRI) The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**Score** **6**
Gross Risk Indicator (GRI) The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	**Score** **36**
Mitigation/Notching Securing wood through longer-term agreements backed by dependable offtake agreements will further alleviate this risk.	**Notch** **25%**
Loaded RI Score The Loaded RI Score ((1-Total Notch) X GRI Score) is 27 out of 100.	**Score** **27**

1.3.2 Existing User Intake Quantities

Rationale: Clear understanding of feedstock consumption by key competitors for each rated feedstock type in the BDO Zone is essential to quantifying competitor risk. Understanding current consumption and historical trends of feedstock utilization can provide valuable information about feedstock price elasticity during shortages and insight into events that may impact future supply conditions. It can enable more accurate estimates of the sensitivity of feedstock availability to potential future consumption levels or the impact of external events (e.g., weather events, structural economic changes, seasonality, or policy change).

Risk Information: Based on recent operational data, the combined annual feedstock intake capacity of the pulp and paper mills in the Competition Zone is just under 12.0 million bdt/yr, of which an estimated 3.3 million bdt/yr is sourced from the Supply Zone. CHP units in the region were found to have a total intake of 2.8 million bdt/yr, of which 733,000 bdt/yr is estimated to be sourced from the Supply Zone. The local wood pellet industry has a combined capacity of about 1.9 million bdt/yr, of which about 435,000 bdt/yr is sourced from the Supply Zone. Lastly, OSB mills in the Competition Zone have a total capacity of around 2.7 million bdt/yr, of which an estimated 645,000 bdt/yr comes from the Supply Zone. Despite relatively high demand from existing users, the risk is low because this demand has already been accounted for in the rated quantities.

Raw Risk Likelihood (RRL) The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**Score** **4**
Raw Risk Impact (RRI) The risk impact is deemed low, therefore the RRI is 4 out of 10.	**Score** **4**
Gross Risk Indicator (GRI) The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**Score** **16**
Mitigation/Notching *No adjustment.*	**Notch** **NN**
Loaded RI Score The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**Score** **16**

1.3.3 Existing User Pricing and Price Sensitivity

Rationale: Understanding how much competitors pay (or receive) for different feedstock types is essential in determining the Issuer's competitiveness and accurately assessing the delivered cost range in the BDO Zone rating.

Current and historical prices paid/received by competitors provide insight into their procurement behaviors and exert pressure on suppliers in the BDO Zone, such as the ability/willingness to pay premiums for feedstock during times of feedstock shortage or reduce prices (or cut-off deliveries) during gluts. Competitors that have the ability to offer higher prices for feedstock during feedstock shortages can pose a significant risk to the Issuer.

Knowledge of competitor pricing and price sensitivity is also an essential prerequisite to formulating a feedstock cost curve, which can enable predictions of feedstock redundancy, i.e., how much feedstock could become available at different pricing levels.

Risk Information: Historical price data reveals that delivered softwood pulpwood has fallen from $76.98/bdt (2026$) to $54.78/bdt (2026$) over a ten year period. Recent outreach indicates that current delivered pulpwood prices range from $55/bdt to $64/bdt depending on the specific facility and supply and demand dynamics. Outreach indicates that stumpage prices have decreased significantly, with a regional average as low as $8/bdt and landowners frequently paying out-of-pocket to have thinnings removed — reflecting acute oversupply. Therefore, existing consumers of biomass likely pay lower prices than they could afford, and potential price increases could be tolerated. This results in a market where competitors may choose to temporarily increase prices to create a barrier of entry. Nonetheless, this risk is very much mitigated by the oversupply of pulpwood in the BDO Zone. Risk is deemed medium-low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 24 out of 100.	**24**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 24 out of 100.	**24**

1.3.4 Impacts of Future Demand on Biomass Feedstock Availability and Price

Rationale: Feedstock utilization in a BDO Zone can change over time. Expansion of feedstock demand by current competitors can put additional pressure on feedstock and lead to higher prices, feedstock disruptions, shortages, supplier breaches, or other types of supply chain disruption.

If current markets for feedstock have been publicly signaling the potential for increased demand for feedstock (in the case of a sawmill adding a shift or pulp mill potentially expanding into the production of renewable chemicals, for example), high interest in the Supply Zone can make suppliers overconfident, leading to a supplier-controlled market where short-term contracting becomes the norm and supply chain reliability is compromised for the Issuer. If and when it occurs, increased demand on feedstock may decrease availability and increase cost for new plants within the BDO Zone.

Risk Information: One proposed consumer of woody biomass was identified within the Competition Zone: Highland Pellets — "Project Oscar" Biomass Power Plant, in Pine Bluff, AR. No capacity or total intake is publicly available at the time of writing as the project is in very early stages. This facility will likely utilize bark and sawdust only, and it is unlikely that it will compete for pulpwood or forest residue. There is a likelihood that other projects, which have not been announced, may be looking at locating in the BDO Zone, given the oversupply of pulpwood in the region and a healthy forest industry. This uncertainty increases the risk from very low to low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**

The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**16**
Mitigation/Notching *No adjustment.*	**Notch** **NN**
Loaded RI Score The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**Score** **16**

1.3.5 Soft Supply Influence of Existing Users

Rationale: In some cases, existing markets for feedstock may be able to exert high degrees of pressure over local suppliers, effectively enabling control of feedstock, especially during times of shortage. This control can derive from qualitative or "soft" factors, such as long previous relationships between local suppliers and existing markets for feedstock.

Risk Information: Existing large consumers exert meaningful soft supply influence through deep, multi-generational relationships with the timber buyers, consulting foresters, and logging contractors who aggregate the region's wood flow. Because procurement is funnelled through a relatively small number of consulting foresters and timber-buyer gatekeepers, established users hold a structural advantage in securing volume. However, any existing relationships and pressure exerted by buyers on suppliers pertains mainly to sawmill residuals; the effect of these relationships on pulpwood and forest residues is limited. Risk is deemed low.

Raw Risk Likelihood (RRL) The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**Score** **4**
Raw Risk Impact (RRI) The risk impact is deemed low, therefore the RRI is 4 out of 10.	**Score** **4**
Gross Risk Indicator (GRI) The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**Score** **16**
Mitigation/Notching *No adjustment.*	**Notch** **NN**
Loaded RI Score The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**Score** **16**

1.3.6 Temporary Externality-Driven Markets for Biomass Feedstock

Rationale: Alternative, non-traditional, externality-driven competitors for feedstock can drive feedstock demand (and cost) in unusual circumstances.

Risk Information: No evidence was found of temporary or nontraditional markets that could create short-term competition for woody biomass in the Supply Zone. The risk of sudden supply shortages or price spikes is very low.

Raw Risk Likelihood (RRL) The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**Score** **2**
Raw Risk Impact (RRI) The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**Score** **2**
Gross Risk Indicator (GRI) The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**Score** **4**
Mitigation/Notching *No adjustment.*	**Notch** **NN**
Loaded RI Score The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**Score** **4**

1.3.7 Relative Inventory Capacity of Existing Users

Rationale: The more inventory a competing biomass facility is able to store, the more competitive pressure it can exert on supply. The ability to store large inventories allows competitors to purchase inventory when the prices are low, potentially giving it an economic advantage. Additionally, the ability to store inventory during feedstock supply surpluses can enable competitors to continue to intake feedstock when the Issuer's plant (with lesser inventory capacity) may be forced to put suppliers on quota. Larger inventory capacity on the part of competing markets creates supplier loyalty and can make it more difficult for new projects to secure supply without paying a significant premium.

Risk Information: Major existing users maintain significant inventory capacities that allow them to heavily dictate market flow. Outreach confirmed that these yards are currently operating at or near capacity. However, sometimes, mills may request to cancel upcoming deliveries to draw down yard inventory. Nonetheless, the competitors' ability to store large inventories of biomass does not present material risk to the supply of pulpwood or forest residue. Risk is deemed low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**16**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**16**

1.3.8 Relative Accessibility/Delivery Hours and Wait Times

Rationale: The value attributed by suppliers to local competing markets for biomass is often directly related to the degree of flexibility the market provides in terms of delivery hours and the more efficient discharge can occur.

Risk Information: Outreach consistently identified excessive wait times at existing mills as one of the most significant operational pain points for logging contractors in the region. Suppliers report spending up to two and a half hours waiting to discharge at mills that lack adequate scale facilities, burning expensive diesel fuel while idling — a direct financial cost that compounds tight margins and erodes contractor goodwill. A new facility offering consistently lower discharge times, predictable scheduling, and efficient receiving infrastructure — such as truck tippers — would represent a meaningful competitive differentiator in contractor relations.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

1.3.9 Relative Specification Advantages

Rationale: When choosing a market for biomass feedstock, suppliers not only look at price but also at relative quality requirements or specifications. It is important to understand feedstock quality specifications for competing markets within the BDO Zone in order to accurately quantify the risk that competitors can exert on the Issuer's supply chain.

Risk Information: Regional competitors maintain stringent feedstock quality specifications, providing suppliers with a clear understanding of acceptable material characteristics. Assuming a new project continues to establish and communicate clear feedstock requirements, the risk associated with this indicator is considered low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**16**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**16**

1.4 Risk Factor: Transportation

1.4.1 Biomass Feedstock Transportation Costs

Rationale: Transportation can be one of the most significant cost components of biomass supply chains. The average transport cost and percentage of total feedstock cost attributable to transport should be known.

Transport distances of 50-75 miles for biomass feedstocks are typical, but larger distances can be common. Where the average transport distance from suppliers to Issuers is high, the supply chain is subject to greater sensitivities to risks, such as increases in diesel cost, weather impacts, mechanical breakdown, and the demand for scarce feedstock from competitors closer to the source.

Understanding average transport distance can help flag higher-risk BDO Zones where transport distance materially exceeds the average.

Risk Information: Transportation represents one of the most significant cost components in the Southwest Arkansas biomass supply chain, with outreach confirming a base haul rate of approximately $20 per bdt on for the first 40 miles, plus $0.37 per bdt per mile beyond that distance. Compared to the rated price of $55-$65/bdt for pulpwood, the $20/bdt transportation fee up to 40 miles represents 31-36% of total cost. For the rated price of $60-$80/bdt for forest residues, the $20/bdt transportation fee up to 40 miles represents 25-33% of total cost.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	**36**
Mitigation/Notching	**Notch**
Mitigate by locating the plant close to its wood supply base, within the 25-mile BDO Zone, and source most material within the 50–60-mile economic haul radius. Keep delivered costs in check by using stable fuel haul rates and optimizing load sizes and backhauls.	**25%**

Loaded RI Score	Score
The Loaded RI Score ((1-Total Notch) X GRI Score) is 27 out of 100.	27

1.4.2 Ownership/Control of Transportation/Logistics

Rationale: In most cases, suppliers that own or lease transportation equipment necessary to transport biomass from forests or fields are at lower risk than those that do not. However, in some circumstances, reliance on third parties to transport biomass is common practice and does not contribute to risk.

Risk Information: Logging contractors in the Supply Zone predominantly own and operate their own log truck fleets, creating a vertically integrated supply chain in which the harvesting crew and the transportation function are controlled by the same operator. Currently, the logging workforce has the equipment capacity to harvest and transport much more wood than they are right now. Risk is deemed low.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	4
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	4
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	16
Mitigation/Notching	**Notch**
No adjustment.	NN
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	16

1.4.3 Transportation of Biomass Feedstock Requires Specialized Equipment and Specialized Operator Training

Rationale: Requirements for specialized transport equipment (e.g., walking-floor trailers) can increase supply chain risk. Where there is low availability of required transportation equipment, equipment owners have increased leverage over transportation prices, and supply chain resiliency can be lower.

Risk Information: Biomass feedstock delivery in Southwest Arkansas relies on standard log trailers and chip vans that are widely available and operated by the region's established network of owner-operator logging fleets, with some logging companies subcontracting independent truckers for hauling when needed. Risk is deemed low.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	4
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	4
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	16
Mitigation/Notching	**Notch**
No adjustment.	NN
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	16

1.4.4 Delivery Routes Through Local Communities

Rationale: Transportation of biomass can become a nuisance to local communities, especially if a large number of trucks pass through residential and school areas. Local communities often have the power to force regulations regarding truck transport, impeding the ability of BDO Zone suppliers to transport feedstock.

Risk Information: The risk of public opposition to biomass delivery routes through local communities is very low in Southwest Arkansas, a rural, forestry-dependent region where heavy log truck traffic is a long-established and broadly accepted part of daily life.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

1.4.5 Transportation Regulations and Local Weight Limits

Rationale: In many BDO Zones, transportation is regulated based on seasonal road conditions. These regulations (e.g., "frost laws") often take the form of weight restrictions or limits on the number of trucks allowed on roads. Such regulations can impede the project's ability to source sufficient feedstock or increase the cost of doing so at certain times of the year.
Risk Information: Arkansas state law (Ark. Code § 27-35-203) permits five-axle vehicles hauling unprocessed forest products on state highways and US routes to operate at a gross vehicle weight of up to 85,000 lbs, with tandem axle limits of 36,500 lbs. The maximum gross vehicle weight on federal interstate highways is capped at 80,000 lbs under federal law, with no variance permitted. Because the state-legal limit for forest products on non-interstate roads exceeds the federal interstate cap by 5,000 lbs, any log truck loaded to the state-permitted maximum is barred from the interstate system, and trucks wishing to use interstates would need to under-load relative to the state-permitted weight— making interstate use economically impractical for most loads. This weight-based conflict is the practical mechanism that confines timber traffic to state highways and county roads, lowering travel speeds and increasing haul costs across the Supply Zone; however, operating on non-interstate roads under the higher state weight limit allows trucks to haul more material per load than would be permitted on the interstate, partially offsetting the efficiency loss.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**16**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**16**

1.4.6 Road Infrastructure

Rationale: Feedstock cost and availability can be a function of road infrastructure, in particular the accessibility the infrastructure provides to feedstock. Issues with road networks will translate directly to risks to feedstock supply.
Risk Information: Over 85% of Arkansas county roads are unpaved, and the Arkansas Department of Agriculture has formally recognized that these roads frequently require grading, contribute to vehicle damage, and can become

impassable during significant rainfall events. The county roads providing access to most timber tracts are poorly maintained and inadequately funded to withstand sustained heavy log truck traffic; wet winter weather causes substantial damage and generates friction between logging operators and county judges who have at times threatened moratoriums on log truck access. Bridges unable to carry fully loaded log truck weights add further detour distance and cost to every load. The state's Arkansas Unpaved Roads Program provides grant funding for road improvements but receives only $300,000 annually in state appropriations — widely acknowledged as insufficient relative to the scale of the problem. Nonetheless, the existing biomass supply chain, as demonstrated by the sheer number of biomass-consuming facilities, demonstrates that road infrastructure is not a significant impediment to the supply of biomass. Risk is deemed medium-low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 24 out of 100.	**24**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 24 out of 100.	**24**

1.4.7 Transportation Redundancy

Rationale: Transport equipment redundancy is important for dealing with seasonally variable feedstock supplies as well as the risk of equipment breakdowns.

Risk Information: The regional supply chain relies on standard log trailers and chip vans owned and operated by a large number of independent logging contractors and their associated truck fleets. Some logging companies subcontract independent truckers when they choose not to manage their own fleets, adding a further layer of logistical flexibility. Currently, the logging workforce has the equipment capacity to harvest and transport much more wood than they are right now. The risk is deemed low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**16**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**16**

1.5 Risk Factor: Risks Related to Supply Chain Resiliency

1.5.1 Size, Number, and Location of Suppliers

Rationale: In general, a supply portfolio involving multiple suppliers of various sizes (and from multiple BDO Zones) is important for ensuring steady and uninterrupted feedstock supply with minimal price fluctuations. If a small number of large suppliers provides a high proportion of total feedstock, a disruption or supplier breach will have greater impact

on the supply chain. In such cases the risk of disruption is lower, but the impact of those disruptions is higher. Conversely, many small suppliers are less likely to have the capacity to withstand internal disruptions and thus may be more likely to breach. Here, risk of disruption is higher, but their likely impact is lower. The number of suppliers as well as the ratio of small to large suppliers should be optimized. There is no pre-determined number or optimal ratio of suppliers, although having too many or too few can both pose higher degrees of risk.

Risk Information: There is a large number of sawmills and local logger contractors that currently serves the 30 woody biomass consuming facilities. Local foresters and loggers have communicated that logging capacity to supply the rated quantities of pulpwood logs should be available in the region. Risk is deemed very low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

1.5.2 Suppliers Subject to Same External Risk Factors

Rationale: When a single risk event can impact the feedstock production ability of all (or most) suppliers, then feedstock risk is higher and supply chain resiliency is lower. Resilience is maximized when biomass supply chains exhibit diversity in spatial location (i.e., geography), production practices, and other elements of supply chain structures such that the impact of single high-risk events has varying impacts on suppliers.

Risk Information: Loggers in the region are exposed to the same underlying market conditions, including challenges in the housing and hardwood lumber sectors. As a result, these market drivers can impact multiple suppliers simultaneously. Over the long term, this indicator is considered to represent a low-medium level of risk.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 24 out of 100.	**24**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 24 out of 100.	**24**

1.6 Risk Factor: Biomass Feedstock Scale-up

1.6.1 Capacity of Supply Chain Components and Infrastructure to Scale

Rationale: Scale-up risk increases if supply chain components or underlying feedstock infrastructure necessary for these components cannot scale to handle Issuer feedstock requirements and throughput capacity. Capacity to scale should be demonstrated.

Risk Information: Regional foresters and industry contacts have confirmed that the current labor and equipment capacity of the logging sector would be sufficient to support a new project at the rated quantities of pulpwood. Current

production is severely throttled by mill intake quotas rather than physical capacity constraints, meaning substantial latent harvesting and trucking capacity exists that could be redirected to a new entrant offering reliable, even-flow purchasing commitments. Scaling pulpwood supply to rated quantities would require activating this latent capacity rather than building new infrastructure from scratch. RI 1.6.1 related to pulpwood is deemed low risk.

On the other hand, the supply chain for forest residue is non-existent. In particular, chipping/grinding infrastructure would need to be developed from scratch. Given relatively recent cases where loggers lost money after purchasing equipment to produce forest residue, the scale-up of forest residue supply-chain is likely to prove challenging in the short-to-medium term. RI 1.6.1 related to forest residue is deemed high risk.

The combine risk for this RI is therefore medium.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	**36**
Mitigation/Notching	**Notch**
Ramp up the plant in phases, starting with pulpwood, and prioritize early investment in residue grinding and handling equipment.	**25%**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 27 out of 100.	**27**

1.6.2 Availability of Labor for Biomass Feedstock Production

Rationale: Skilled labor shortages can be difficult to remedy in the short term. The availability of suitable labor in an area can impact the ability to procure sufficient feedstock quantities on required schedules. Labor risks are higher where supply chains are not yet active or for Issuers for whom large feedstock requirements or the development of new (or expanded) supply chains demand significant additions to the local labor force.

Risk Information: Overall, the logging workforce is aging, and the sector is struggling to attract younger workers due to the combination of quota-driven income uncertainty, high capital costs of entry, strict insurance requirements for log truck drivers, and the physical demands of the work.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	**36**
Mitigation/Notching	**Notch**
Mitigation possible by providing steady, predictable quotas so crews can operate at capacity, assisting with financing equipment, and collaborating with state logger-training programs to expand the workforce pipeline.	**25%**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 27 out of 100.	**27**

1.6.3 Low Historical Demand for Biomass Feedstock in the Supply Zone

Rationale: If Issuer BDO Zone does not have a history of developed large-scale feedstock procurement, suppliers may not have sufficient expertise in feedstock production to ensure reliable supply, especially in the early years. This can be particularly true for forest residues, where, typically, the infrastructure for collection, processing, and delivery is immature.

Risk Information: Historical demand for pulpwood in the Supply Zone has been substantial and long-established, supported by decades of procurement by major pulp and paper mills in the region. Pulpwood supply chains in the region are therefore mature and well-understood by local contractors. However, there is effectively no historical demand for forest residues as a marketed commodity — residues are currently left on the forest floor, crushed during harvesting, or consumed by prescribed fire, meaning the forest residue supply chain is entirely undeveloped and would need to be built from scratch by a new entrant.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	**36**
Mitigation/Notching	**Notch**
Mitigation possible by building out the forest residue supply chains ahead of start-up and by running trial purchases and locking in standing offtake commitments.	**25%**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 27 out of 100.	**27**

1.7 Risk Factor: Climate and Natural Risks

1.7.1 Seasonal Weather Impacts on Biomass Feedstock Supply

Rationale: Seasonal weather impacts are defined as those deriving from natural weather variations (e.g., spring thaws, rainy seasons, or dry seasons—as opposed to singular weather events like fires, droughts, or hurricanes). Seasonal weather changes can be a significant risk factor affecting feedstock availability, quality, and price.

Given the significant influence that weather has on multiple aspects of growing, harvesting, and transporting biomass, it is difficult to predict the availability of biomass at a specific location at different points in the future with a high degree of certainty. However, it is still possible, using past data and statistical models, to generate reasonable upper/lower bound estimates of biomass production in any given year in a wider Supply Zone. Such estimates are essential in assessing feedstock risk and enable accurate assessment of the efficacy of the Issuer's mitigation methods.

Risk Information: The primary seasonal weather risk in the Supply Zone is the wet winter and spring period, during which saturated soils render lowland and bottomland tracts inaccessible to harvesting equipment, forcing logging contractors to shift operations to better-drained upland sites and reducing overall throughput. This seasonal access constraint is compounded by the damage that heavy log trucks inflict on unpaved county roads during wet weather.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	**36**
Mitigation/Notching	**Notch**

Maintain covered inventory against a set stock target, and diversify harvest tracts between all-weather upland sites and seasonally restricted bottomlands — so harvesting operations can shift depending on ground conditions.	**50%**
Loaded RI Score The Loaded RI Score ((1-Total Notch) X GRI Score) is 18 out of 100.	**Score** **18**

1.7.2 Long-Term Weather and Climate Trends

Rationale: In certain BDO Zones, climatic trends and significant potential changes to future weather patterns can create feedstock risk.

Risk Information: Wintertime precipitation is projected to increase in Arkansas by midcentury, with the increase expected to come in the form of rain rather than snow; in other seasons, precipitation changes are uncertain, but increases in evaporation rates due to rising temperatures may intensify droughts during dry spells. Increased winter rainfall would worsen wet-weather access constraints on unpaved county roads and extend seasonal supply disruptions, while more intense summer droughts would stress standing pine timber and increase susceptibility to bark beetle outbreaks. Overall, the long-term climate trajectory presents a moderate and manageable risk to biomass feedstock availability, with mitigation through multi-year inventory planning and diversified supplier geography.

Raw Risk Likelihood (RRL) The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**Score** **6**
Raw Risk Impact (RRI) The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**Score** **6**
Gross Risk Indicator (GRI) The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	**Score** **36**
Mitigation/Notching Prioritize upland pine sources with reduced vulnerability to extreme precipitation and flood events, and integrate climate risk factors, including heat stress, flash drought conditions, and heavy-rainfall episodes, into supply forecasting models.	**Notch** **50%**
Loaded RI Score The Loaded RI Score ((1-Total Notch) X GRI Score) is 18 out of 100.	**Score** **18**

1.7.3 Forest Fire

Rationale: Forest fires, especially when occurring on a large scale, destroy feedstock and create shortages. Fire-prone conditions are predicted to increase across North America. This could potentially result in a doubling of the amount of area burned by the end of this century compared with amounts burned in recent decades. Boreal forests, which have been historically greatly influenced by fire, will likely be especially affected by this change.

Other climate change impacts that could add damaged or dead wood to the forest fuel load (e.g., as a result of insect outbreaks, ice storms, or high winds) may increase the risk of fire activity. New research is aimed at refining these climate change estimates of fire activity and investigating adaptation strategies and options to deal with future fire occurrences.

Risk Information: The risk of large-scale, catastrophic canopy fires in the Supply Zone is low, owing to a long-established culture of frequent prescribed burning across both public and private lands in southern Arkansas — with burns occurring approximately every three years — which actively eliminates fuel ladders and reduces hazardous fuel accumulation. Risk is deemed low.

Raw Risk Likelihood (RRL) The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**Score** **4**

Raw Risk Impact (RRI)	Score
The risk impact is deemed low, therefore the RRI is 4 out of 10.	4
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	16
Mitigation/Notching	**Notch**
No adjustment.	NN
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	16

1.7.4 Risk of Infestation

Rationale: Risk of future infestation, including its estimated consequences on feedstock supply, should be calculated into the overall risk profile.

Since forest insect populations are influenced by environmental conditions, future changes in climate can be expected to significantly alter the outbreak dynamics of certain forest insect species. In some cases, larger and more frequent insect outbreaks may occur, but in other cases, recurring outbreaks may be disrupted or diminished. As the climate continues to change, we can expect more situations, particularly at the margins of tree ranges, where sub-optimal conditions for tree growth and reduced tree vigor can lead to outbreaks of forest insects.

Risk Information: No southern pine beetle activity was detected in Arkansas in 2024, and the state's Southern Pine Beetle Prevention Program actively provides cost-share incentives to landowners and loggers for thinning and prescribed burning practices that reduce outbreak risk. A newly identified and rapidly spreading fungal needle disease affecting loblolly pine plantations is brown spot needle blight (Mycosphaerella dearnessii). This disease was first confirmed in Arkansas in 2020 and has now been identified in multiple counties in the Supply Zone as of 2025. It is a growing and closely watched threat to the primary species in the Supply Zone. Overall, these threats are viewed as manageable, thus risk is deemed medium.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	6
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	6
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	36
Mitigation/Notching	**Notch**
Engage suppliers directly in pest surveillance efforts and move quickly to harvest stands under threat before they're lost. Spread sourcing across multiple areas so that a single outbreak doesn't inflict concentrated damage, and prioritize the uptake of salvaged timber when it becomes available.	25%
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 27 out of 100.	27

1.7.5 Risk of Hail

Rationale: There is much uncertainty about the effects of anthropogenic climate change on the frequency and severity of extreme weather events like hailstorms and their subsequent economic losses. Some studies indicate a strong positive relationship between hailstorm activity and hailstorm damage, as predicted by minimum temperatures using simple correlations. This relationship suggests that hailstorm damage may increase in the future if global warming leads to further temperature increases.

Risk Information: Hail is a recurring weather phenomenon in Arkansas, with the state experiencing approximately 160 hail events per year that collectively cause an estimated $13.9 million in financial losses annually — placing it among the top states for hail frequency in the United States. However, for woody biomass feedstock, hail poses a relatively limited direct supply risk, with the risk to general biomass supply deemed very low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

1.7.6 Risk of Flood

Rationale: Floods can cause catastrophic disruption and delay in feedstock supply. Where there is a high risk of flood and thus a negative impact on feedstock supply, the BDO Zone rating should account for this risk.
Risk Information: Flood risk in the Supply Zone is primarily associated with seasonal wet-weather access constraints on bottomland timber tracts rather than catastrophic flood events that destroy standing timber. The region's major river systems can experience elevated flows during spring wet seasons that temporarily inundate low-lying tracts and render them inaccessible to harvesting equipment. Risk is deemed low-medium.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 24 out of 100.	**24**
Mitigation/Notching	**Notch**
Draw the core supply mainly from higher-elevation pine stands, calling on lowland tracts only when conditions permit. Map out backup transportation routes that avoid flooding, keep extra material on hand as a cushion, and track river-level projections on an ongoing basis.	**25%**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 18 out of 100.	**18**

1.7.7 Risk of Drought

Rationale: Droughts can cause significant disruptions to feedstock supplies across entire BDO Zones for extended periods of time. Tree species are adapted to specific moisture conditions. Having less water available through drought has a range of negative impacts on the health of forest ecosystems. Direct consequences include reduced growth, increased tree mortality, and failure to regenerate. Indirect impacts include reduced ability to defend against insects and disease and increased fire risk. These impacts can affect the availability of wood fiber for an Issuer.
Risk Information: The region is periodically susceptible to significant drought events, short-term drought signals in Arkansas can be severe and widespread. A drought has been impacting Arkansas since August 2025, intensifying over the winter and early spring; as of May 2026, approximately 99.5% of Arkansas was under moderate to exceptional drought conditions, with the state recording 13.7 inches below average precipitation over the preceding nine months.

These drought conditions have paradoxically benefited timber harvesting operations by opening bottomland tracts that are normally inaccessible during wet seasons. However, sustained drought poses meaningful longer-term risks to feedstock supply: it stresses standing pine timber, increases susceptibility to infestations. Risk is deemed low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**16**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**16**

1.7.8 Risk of Hurricanes, Tornadoes, and Strong Winds

Rationale: Hurricanes, tornadoes, and strong winds can destroy timber stands and feedstock piles. They can also delay forestry operations. Hurricanes and tornadoes can indirectly cause temporary shortages of available transportation as available trucking moves to handle higher-value disaster-related contracts. For example, Katrina cleanup limited the availability of live-bottom trailers in the North and South East of the US for several months as truckers shifted operations to handle more lucrative government contracts.

Risk Information: The Supply Zone is not directly exposed to hurricane landfalls given its inland location, but the region can experience remnant tropical moisture and wind from Gulf storms tracking northward, as occurred in July 2019 when the remnants of Hurricane Barry deposited a record 16.17 inches of rain in Dierks, Howard County — a community within the Supply Zone boundary. Tornadoes pose a more routine wind risk: Arkansas averaged 37 tornadoes per year over the 1991–2020 period, with 2025 recording the highest annual tornado count since 2011 at 60 confirmed events. The most significant wind risk specific to biomass feedstock supply in the region is ice storms; the last major ice storm struck around 1999–2000, leaving a significant volume of salvage timber that took over two decades to fully clean up. On the positive note, wind and ice events can create short-term surges of salvage volume that temporarily increase feedstock availability. Nonetheless, they can also damage access roads and disrupt supply chain operations. Generally, woody biomass supply risk related to hurricanes, tornadoes and strong winds is deemed low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**16**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**16**

1.7.9 Low Temperatures

Rationale: Low temperatures can have adverse impacts on the operations of feedstock processing equipment in Northern BDO Zones.

Risk Information: Overall, low-temperature risk is considered episodic and manageable, with primary mitigation through feedstock inventory stockpiling during fall dry periods.	
Raw Risk Likelihood (RRL) The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**Score** **2**
Raw Risk Impact (RRI) The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**Score** **2**
Gross Risk Indicator (GRI) The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**Score** **4**
Mitigation/Notching No adjustment.	**Notch** **NN**
Loaded RI Score The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**Score** **4**

1.8 Risk Factor: Non-Weather Based Externalities

1.8.1 Diesel Price, Oil Price, and Producer Price Index (PPI)

Rationale: CPI and PPI can impact feedstock cost of harvest and collection over time. Sensitivities to worst-case scenarios should be run.

Risk Information: Gulf Coast diesel prices — the primary fuel input for log trucks and harvesting equipment in the Supply Zone — have exhibited significant volatility over the past decade, rising from $2.18/gallon in 2016 to a decade high of $4.68/gallon in 2022 before declining to $3.33/gallon in 2025, representing a peak-to-current decline of approximately 29% (SW AR — Diesel Pricing). The 2022 spike, driven by the Russia-Ukraine conflict and global energy market disruptions, significantly compressed logger margins during a period when pulpwood delivered prices were already declining in real terms, compounding financial stress across the contractor base. At current prices of approximately $3.33/gallon, fuel costs remain above the 2016–2020 range of $2.18–$2.94/gallon, representing a structural cost increase that has not been offset by equivalent increases in pulpwood delivered prices. Diesel price volatility is a shared risk across all suppliers in the region, with no individual operator able to hedge against it effectively, and it remains one of the key variables that determines whether marginal tracts at the outer edge of the Supply Zone are economically viable to harvest

Raw Risk Likelihood (RRL) The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**Score** **6**
Raw Risk Impact (RRI) The risk impact is deemed high, therefore the RRI is 8 out of 10.	**Score** **8**
Gross Risk Indicator (GRI) The Gross Risk Indicator (RRL X RRI) is 48 out of 100.	**Score** **48**
Mitigation/Notching Structure haul and harvest agreements around a fuel price index rather than fixed rates, and reduce exposure to price swings by keeping transport distances short. Explore hedging arrangements or forward fuel purchases as additional protection. Locating operations along the Gulf Coast carries a distinct advantage here — the region (spanning states like Texas, Louisiana, and Arkansas) has consistently posted the nation's cheapest diesel throughout 2026, often running $0.50–$1.00+ per gallon below the national average and well under West Coast prices, making it one of the most cost-effective corridors in the country for fuel-dependent logistics.	**Notch** **50%**
Loaded RI Score The Loaded RI Score ((1-Total Notch) X GRI Score) is 24 out of 100.	**Score** **24**

1.8.2 Currency Risk

Rationale: Where feedstock is purchased in a currency different than that which a new bio-based plant will locate in a BDO Zone, currency exchange rates and volatility can constitute risk exposure. BDO Zones that cross the US-Canada border, for example, which intake feedstock from both countries, are exposed to such currency risk.

Risk Information: N/A

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed not relevant, therefore the RRL is not rated (NR).	**NR**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed not relevant, therefore the RRI is not rated (NR).	**NR**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is not rated (NR).	**NR**
Mitigation/Notching	**Notch**
Click or tap here to enter text.Not rated.	**NR**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is not rated (NR).	**NR**

1.8.3 Border Risk

Rationale: Where feedstock is transported cross-border to another country, risk exposure to border closures and crossing delays becomes present. The availability of trucks willing to do cross-border runs is limited, which can decrease supply chain flexibility and resilience. Plants near the US-Canada border, which intake feedstock from both countries, are exposed to these risks.

Risk Information: N/A

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed not relevant, therefore the RRL is not rated (NR).	**NR**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed not relevant, therefore the RRI is not rated (NR).	**NR**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is not rated (NR).	**NR**
Mitigation/Notching	**Notch**
Not rated.	**NR**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is not rated (NR).	**NR**

1.9 Risk Factor: Political and Social

1.9.1 Government Subsidies for Biomass Feedstock Production or Utilization

Rationale: Feedstock that is directly subsidized through government programs can pose greater long-term risk than feedstock that is not. Subsidies may be subject to amendment or repeal, sometimes with minimal notice.

NOTE: This risk indicator refers to direct feedstock subsidies only; it does not apply to government subsidies that pertain indirectly to the Issuer's operations, such as Loan Guarantees, or to the markets for products produced by the Issuer.

Risk Information: Federal cost-share programs — including the USDA's Environmental Quality Incentives Program (EQIP), the Forest Stewardship Program, and the Southern Pine Beetle Prevention Program — are available to private landowners for practices such as thinning and prescribed burning, but these are forest health programs rather than direct biomass feedstock subsidies. This free-market foundation minimizes the risk of a sudden supply collapse that could occur if a specific forestry subsidy were unexpectedly repealed. Risk is deemed very low.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	2
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	2
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	4
Mitigation/Notching	**Notch**
No adjustment.	NN
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	4

1.9.2 Local, Provincial, and National Laws, Regulations, and Permitting Pertaining to Biomass Feedstock

Rationale: Feedstock whose production is directly dependent on local, provincial, or national laws or government regulations can pose greater long-term risk than feedstock which is not, since laws and regulations may be subject to amendment or repeal.

If biomass utilization requires specific permits (e.g., percentage removal of forest residues, allowable cut limits, air emission, storage permits, rights-of-way, overweight permits for trucks, cross-border permitting for shipment of biomass, chain of custody, or certification of sustainability), the likelihood of obtaining such permits and/or complying with permitting requirements should be examined.

Risk Information: Arkansas operates under a notably business-friendly and voluntary regulatory environment for forest harvesting and biomass feedstock production. Woody biomass is officially classified as carbon neutral under Arkansas Department of Environmental Quality regulations, eliminating a significant potential permitting and emissions compliance burden at the state level.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	2
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	2
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	4
Mitigation/Notching	**Notch**
No adjustment.	NN
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	4

1.9.3 Backlash Against Biomass Feedstock Development, Procurement, or Usage in the BDO Zone

Rationale: Public backlash against biomass development in the Issuer BDO Zone can directly impact the Issuer's ability to procure, transport, trans-load, store, or utilize feedstock by affecting local policies, regulations, and the Issuer's ability to obtain necessary permitting.

Risk Information: Public opposition to timber harvesting or biomass feedstock development is negligible in Southwest Arkansas, a rural, forestry-dependent region where the forest products sector is deeply embedded in local culture, economics, and identity. Risk is deemed very low.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	2
Raw Risk Impact (RRI)	**Score**

The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI) The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**Score** **4**
Mitigation/Notching No adjustment.	**Notch** **NN**
Loaded RI Score The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**Score** **4**

1.9.4 Consent of, and Cooperation with, Indigenous Communities

Rationale: Where new project development on or near Indigenous land, or where near Indigenous communities exert influence over feedstock producing areas, consent of, and cooperation with, Indigenous communities decrease Issuer risk.

Risk Information: The risk of conflict with Indigenous communities regarding timber harvesting or biomass feedstock procurement in the Supply Zone is very low.

Raw Risk Likelihood (RRL) The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**Score** **2**
Raw Risk Impact (RRI) The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**Score** **2**
Gross Risk Indicator (GRI) The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**Score** **4**
Mitigation/Notching No adjustment.	**Notch** **NN**
Loaded RI Score The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**Score** **4**

1.9.5 Food Security Concerns

Rationale: Despite the fact that any significant correlation between food prices and biofuel production is unclear, claims that biofuel production has driven up food prices, taken food from communities or had a negative impact on land use can fuel public backlash. For example, the removal of biomass may raise public concerns relating to food security if Issuer feedstock requires the use of land that would otherwise be used for growing food.

Risk Information: N/A

Raw Risk Likelihood (RRL) The risk likelihood is deemed not relevant, therefore the RRL is not rated (NR).	**Score** **NR**
Raw Risk Impact (RRI) The risk impact is deemed not relevant, therefore the RRI is not rated (NR).	**Score** **NR**
Gross Risk Indicator (GRI) The Gross Risk Indicator (RRL X RRI) is not rated (NR).	**Score** **NR**
Mitigation/Notching No adjustment.	**Notch** **NR**
Loaded RI Score The Loaded RI Score ((1-Total Notch) X GRI Score) is not rated (NR).	**Score** **NR**

1.10 Risk Factor: Sustainability and Environmental Concern

1.10.1 Biomass Feedstock Sustainability

Rationale: Public concerns about the sustainability of feedstock production can jeopardize biomass feedstock operations. Sustainability certification schemes should be utilized where applicable to ensure that feedstock comes from sustainable sources.

Risk Information: The regional supply chain is well-integrated with third-party sustainability certification programs, with the Sustainable Forestry Initiative (SFI) recognized as the dominant standard across the Supply Zone; major corporate timberland owners — including timber investment management organizations and real estate investment trusts active in the region — operate under SFI or FSC chain-of-custody certification, and regional SFI logger training is administered through the Ark Pro Logger program. Some operations also maintain FSC certification to meet the requirements of specific end-market customers, though outreach noted minor tension around FSC mixed-label requirements as the European Union Deforestation Regulation (EUDR) moves toward stricter traceability standards. Nonetheless, since most woody biomass originates from plantations, the risk related to sustainability is limited. Pulpwood produced through first thinnings and as a by-product of sawtimber harvesting is inherently consistent with sustainable forest management principles, as these operations improve long-term stand health and reduce the risk of fire and insect damage in overstocked stands.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

1.10.2 Risk to Soil Quality

Rationale: Soil sustainability can be defined as the management of soil in a way that does not exert any negative or irreparable effects either on the soil itself or any other systems. There is a diversity of approaches to soil sustainability in jurisdictional guidelines for forest biomass harvesting and production. For different feedstock types, there are also different thresholds at which feedstock removal causes significant negative consequences on the soil.

Risk Information: Intensive biomass removal — particularly whole-tree harvesting and forest residue extraction — can disrupt nutrient cycling and expose soils to erosion and compaction if not managed carefully; however, the predominant practice in the Supply Zone entails soil nutrient management, through leaving a portion of branches and tops on the forest floor, as well as chemical fertilization. Soil protection in the Supply Zone is further supported by landowner and logger behavior: during wet winter and spring periods, operators commonly halt or restrict operations on lowland and wet-soil tracts to prevent heavy machinery from causing severe rutting and compaction, shifting activity to better-drained upland sites.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**

Mitigation/Notching	Notch
No adjustment.	NN
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	4

1.10.3 Risk to Surface and Groundwater

Rationale: Excessive nutrient runoff from biomass feedstock production can accumulate in surface waters and result in algal blooms and hypoxia, which can lead to habitat loss for aquatic species higher up the food chain and alter aquatic ecosystem food webs. Damage to aquatic ecosystems can cause social and regulatory backlash. Water intake issues can also increase risk.

Risk Information: Surface and groundwater protection in the Supply Zone is addressed primarily through Arkansas's voluntary forestry Best Management Practices, which cover streamside management zones, logging road drainage, water crossing construction, and skid trail management. Arkansas BMPs specifies Streamside Management Zones established on both sides of streams, with a minimum width of 35 feet on each side for slopes under 7%, within which selective harvest is permitted but a minimum of 50 square feet of basal area per acre must be retained. Despite being voluntary, BMP compliance across the southeastern U.S. — including Arkansas — runs at approximately 90% across the region. Operations under SFI or FSC certification are additionally required to meet or exceed BMP standards as a condition of certification. Risk pertaining to surface and groundwater quality is deemed very low.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	2
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	2
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	4
Mitigation/Notching	**Notch**
No adjustment.	NN
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	4

1.10.4 Water Use

Rationale: Biomass feedstock operations can have significant impacts on the hydrological flux (infiltration, groundwater recharge, interception, and transpiration) of ecosystems. This can lead to water shortages, lower yields, and backlash from regulatory bodies if management plans are not properly instituted.

Risk Information: Feedstock production and harvesting and residue collection do not materially alter hydrology, especially when BMPs are followed.[13] Maintaining forest and streamside cover protects water quality and runoff, so water-use risk is very low.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	2
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	2
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	4
Mitigation/Notching	**Notch**

[13] University of Arkansas Cooperative Extension, https://www.uaex.uada.edu/environment-nature/water/quality/forest-bmps.aspx

No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

1.10.5 Pesticide Risk to Human and Ecosystem Health

Rationale: Application of pesticides (i.e., herbicides, fungicides, and insecticides) on forest landscapes can result in adverse health effects for humans and ecosystems. If pesticide application is required in feedstock production, the impact must be considered in the BDO Zone rating.

Risk Information: Pesticide use in southern pine plantation management is limited primarily to herbicide applications for site preparation and competition control during the establishment phase of new stands, and is not a routine input during the pulpwood thinning or sawtimber harvesting stages from which rated feedstocks are sourced. The risk is very low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

1.10.6 Risk to Wildlife and Landscape

Rationale: Biomass production and supply chain operations with negative impacts on wildlife and landscape are at a greater long-term risk of encountering project setbacks and disruptions.

Risk Information: Harvesting, residue removal, and increased truck traffic can affect wildlife habitat and landscape values if residue removal is excessive or poorly timed; however, adherence to Arkansas's voluntary forestry Best Management Practices and third-party SFI and FSC certification requirements — which include provisions for wildlife habitat retention, snag preservation, and riparian corridor protection — ensures that critical habitats are protected during and after timber extraction.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

CATEGORY 2.0: INFRASTRUCTURE RISKS

2.1 Risk Factor: Physical Infrastructure

2.1.1 Land Parcel/Industrial District

Risk Information: The Prescott Industrial Park comprises 126 acres of former pasture land owned by the City of Prescott in Nevada County, AR. The prior pasture use is highly favorable for industrial development, indicating a clean site profile with no legacy contamination, minimal remediation requirements, and generally flat, workable topography. The property is zoned Industrial I, is subdividable to a minimum of 1.0 acre with up to 80 additional acres potentially available, and is situated in an established industrial corridor adjacent to Holcim along the I-30 frontage road. Designation as both an Enterprise Zone and a Foreign Trade Zone meaningfully enhances the site's attractiveness for manufacturing, distribution, and import-export operations, and further signals a supportive regulatory and incentive environment at the state and federal level. The risk is assessed as very low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

2.1.2 Ownership of Land

Risk Information: The Prescott Industrial Park is owned in its entirety by the City of Prescott, with a listed sale price of $20,000/acre (with lease options available), indicating a motivated and market-ready seller. Single municipal ownership eliminates parcel-assembly risk and absentee or fragmented title complications. The risk is assessed as very low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

2.1.3 Permitting Description

Risk Information: Prescott is a small municipality in Nevada County, Arkansas, and the subject parcel is an established, municipally owned industrial park with existing industrial zoning, suggesting a standard and predictable permitting pathway without rezoning requirements. Any local permits needed through the City often have quick turnaround times of 24 hours. Any air permits through the Arkansas Department of Environmental Quality have timelines of approximately three weeks. The short permitting timelines results in a very low to low risk score.

Raw Risk Likelihood (RRL)	**Score**

The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 8 out of 100.	**8**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 8 out of 100.	**8**

2.1.4 Environmental Issues

Risk Information: The Prescott Industrial Park is presented as a greenfield agricultural site with no documented prior industrial use on the parcel itself beyond its current role as a city-owned industrial park, and no environmental contamination, USTs, or brownfield conditions are present. A Phase I ESA was completed in 2015 on the property, which identified no issues and concerns for future development. The risk is assessed as very low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

2.2 Risk Factor: Utilities

2.2.1 Natural Gas Availability

Risk Information: Natural gas service to the Prescott Industrial Park is provided by Summit Utilities, with a 2-inch natural gas main (21 psi) adjacent to the property. The risk is assessed as low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	**16**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	**16**

2.2.2 Electric Availability

Risk Information: Electric service is provided by the City of Prescott municipal electric utility, with three phase, 13.8 kV. The risk is assessed as low.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	4
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	4
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	16
Mitigation/Notching	**Notch**
No adjustment.	NN
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	16

2.2.3 Water Availability

Risk Information: Municipal water service is provided by the City of Prescott, with a 12-inch main on site. The City of Prescott is sourced by the Little Missouri River, with a 2 million GPD capacity with peak consumption of 900,000 GPD. The risk is assessed as very low.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	2
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	2
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	4
Mitigation/Notching	**Notch**
No adjustment.	NN
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	4

2.2.4 Drainage, Stormwater Management, and Sewage

Risk Information: Municipal sewer service is provided by the City of Prescott, with an 8-inch main on site. The City of Prescott wastewater treatment plant has a plant capacity of 850,000 GPD with peak treatment of 600,000 GPD. The risk is assessed as low.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	4
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	4
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 16 out of 100.	16
Mitigation/Notching	**Notch**
No adjustment.	NN
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 16 out of 100.	16

2.2.5 Waste Disposal

Risk Information: The Prescott Industrial site is strategically located near two waste disposal facilities. The Nevada County Landfill is located approximately 9 miles from the site, with tipping fees of $30/ton and an expected closure year of 2046. When the landfill reaches capacity, it will expand to the nearby property offering additional remaining capacity.

The Upper Southwest Regional Solid Waste Management District landfill is approximately 40 miles from the site, with an expected closure year of 2038 and tip fees of $30/ton. The landfill indicated the landfill closure year could be up to 60 years and when it reaches capacity more cells will be opened. The proximity of landfills with competitive tipping fees and sufficient capacity results in a very low risk score.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

2.2.6 Information and Communication Technology (ICT) Services

Risk Information: Fiber optic telecommunications infrastructure available on-site, and is provided by Brightspeed. The risk is assessed as very low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

2.3 Risk Factor: Transportation/Logistics

2.3.1 Road/Highway Access

Risk Information: The Prescott Industrial Park has direct interstate-adjacent highway access, with I-30 reachable within 0.5–0.6 miles of the site via two separate interchanges (Exits 44 and 46). The site sits at the intersection of State Highway 24 and State Highway 200 (AR 200 / Ron Harrod Blvd). US-371, a primary US highway with established freight utility, is only 0.5 miles away, providing an additional arterial connection to the I-30 corridor. The nearest alternate interstate, I-49, is 43 miles away. The risk is assessed as very low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**

The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

2.3.2 Rail Access

Risk Information: The Prescott Industrial Park is rail-served with direct access via the Prescott Northwestern Railroad connecting to the Union Pacific Railroad mainline, representing a significant competitive advantage for a bioenergy or biomass-dependent facility. The site has more than 3,000 feet of rail adjacent to the site, providing substantial switching, spotting, and car storage capacity without requiring the construction of a new spur. The risk is assessed as very low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

2.3.3 Airport Access

Risk Information: The Prescott Industrial Park has a general aviation airport, Kizer Field (4F7), approximately 2.5 miles from the site, providing convenient light aircraft access. A secondary GA option, Gurdon Lowe Field (5M8), lies approximately 15.4 miles away. The nearest commercial airports with scheduled passenger, freight, and charter service are Texarkana Regional Airport (approximately 41.8 miles away) and Little Rock National Airport (approximately 92.6 miles away). The risk is assessed as low to very low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	**4**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 8 out of 100.	**8**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 8 out of 100.	**8**

2.3.4 Water Freight Access

Risk Information: Prescott Industrial Park is an inland southwest Arkansas location without direct navigable waterway access. The nearest navigable waterways are the Ouachita River and the Red River, both approximately 27.2 miles distant, though both are classified as shallow systems. The nearest commercial barge terminal is the Port of Camden at 37.4 miles, followed by the Port of Little Rock at 89.8 miles; all identified ports within the relevant radius carry a shallow designation, confirming that even where water freight access theoretically exists, draft restrictions and terminal capacity constraints substantially limit utility for bulk industrial movements. The risk is assessed as medium-low.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**

Raw Risk Impact (RRI)	Score
The risk impact is deemed low, therefore the RRI is 4 out of 10.	4
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 24 out of 100.	24
Mitigation/Notching	**Notch**
No adjustment.	NN
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 24 out of 100.	24

2.4 Risk Factor: Social Infrastructure

2.4.1 Healthcare (Local)

Risk Information: The Prescott Industrial Park is located approximately 15 miles from the Southwest Regional Medical Center, a 25-bed Critical Access Hospital offering inpatient and outpatient diagnostic services, emergency, physical therapy, and more. The CHRISTUS St. Michael hospital, a 311-bed acute care hospital is located approximately 40 miles from the site, offering emergency, cardiology, intensive care, imaging and radiology, etc. The proximity to a small and large hospital within 40 miles from the site represents a low to very low risk score.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed low, therefore the RRL is 4 out of 10.	4
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	2
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 8 out of 100.	8
Mitigation/Notching	**Notch**
No adjustment.	NN
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 8 out of 100.	8

2.4.2 Education (Schools)

Risk Information: The Prescott Industrial Park is served by the Prescott and Nevada School Districts for K-12. The University of Arkansas Hope-Texarkana is located approximately 15 miles from the site, and offers customized workforce training programs both on-site or on-campus. Henderson State University and Ouachita Baptist University are both located approximately 30 miles from the site, and Southern Arkansas University is located approximately 35 miles from the site. The proximity to various schools and the workforce training programs available at the University of Arkansas results in a very low risk score.

Raw Risk Likelihood (RRL)	Score
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	2
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	2
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	4
Mitigation/Notching	**Notch**
No adjustment.	NN
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	4

2.4.3 Local Transportation

Risk Information: The Prescott Industrial Park is not served by public transit; however, the surrounding labor market is compact and readily accessible by personal vehicle, with an average one-way commute time of approximately 20 minutes for area workers. Local transportation is therefore considered medium to low risk.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed low, therefore the RRI is 4 out of 10.	**4**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 24 out of 100.	**24**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 24 out of 100.	**24**

2.4.4 Public Safety (Local)

Risk Information: Fire protection for the Prescott Industrial Park is provided by the Prescott Fire Department, located approximately 2.5 miles from the site. The site carries an ISO Public Protection Classification of 6. The BDO Zone falls within five counties, with the most significant being Nevada County (40%), Hempstead County (30%), and Clark County (20%). No recently published data exists on crime rates in Arkansas; the most recently published data from the FBI, published in 2019, does not report crime statistics for Nevada County. However, data is published for the other two most significant counties, with a crime rate of 17.2/1,000 for Hempstead County, and 7.5/1,000 for Clark County. As of 2024, according to the World Population Review, Arkansas had a crime rate of 25.09/1,000 compared to the national average of 20.63/1,000. While the site has a moderate ISO score, the uncertainty in local crime rates increases the risk to medium to high risk.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed high, therefore the RRI is 8 out of 10.	**8**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 48 out of 100.	**48**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 48 out of 100.	**48**

2.4.5 Housing/Cost of Living

Risk Information: The BDO Zone falls within five counties, with the most significant being Nevada County (40%), Hempstead County (30%), and Clark County (20%). These three counties have an average rental vacancy rate of 10.13% and a homeowner vacancy rate of 1.47%, indicating significant housing availability for new workforce. Additionally, the three counties have an average affordability ratio of 2, with average median home value of $111,000 and average median household incomes of $50,902. This results in a very low risk score.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**

The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	**4**

2.5 Risk Factor: Labor

2.5.1 Workforce

Risk Information: As of 2025, the population of the BDO Zone is approximately 25,587 people, with the majority of the population living in Hempstead County (48%), Nevada County (29%), and Clark County (16%). In 2025, the average unemployment rate of these three counties was 4.48%, which is slightly higher than the national unemployment rate, indicating good workforce availability. The average median age is relatively young at 39 years, however, the average population growth rate in the past five years is -0.74%. Educational attainment in the three counties is below national averages: approximately 88% of adults over 25 have a high school education or higher (compared to a national average of approximately 89%), and approximately 17% hold a bachelor's degree or higher (compared to a national average of approximately 35%). This results in a medium risk score.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed medium, therefore the RRL is 6 out of 10.	**6**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed medium, therefore the RRI is 6 out of 10.	**6**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 36 out of 100.	**36**
Mitigation/Notching	**Notch**
No adjustment.	**NN**
Loaded RI Score	**Score**
The Loaded RI Score ((1-Total Notch) X GRI Score) is 36 out of 100.	**36**

2.5.2 Labor Costs

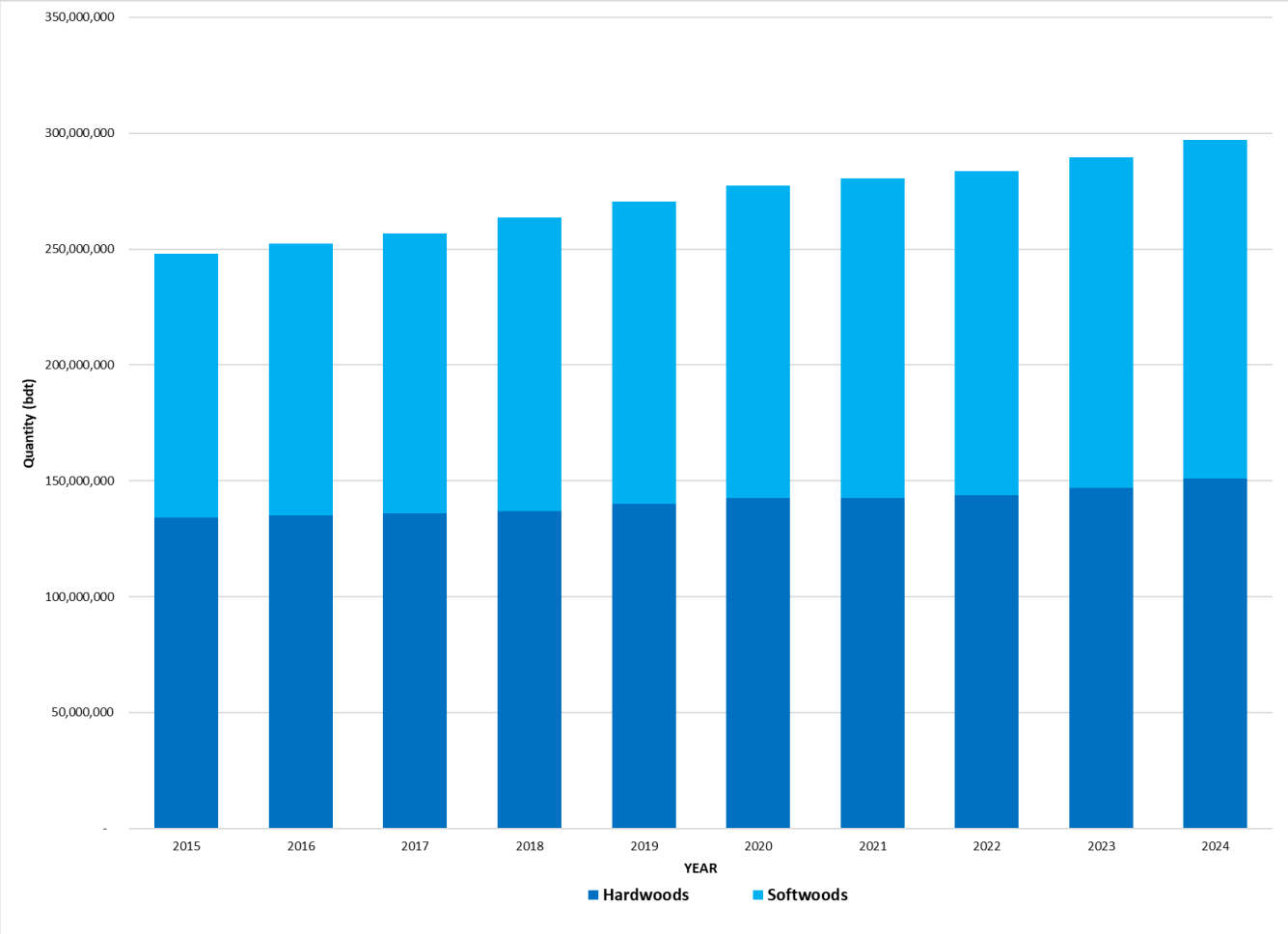
Risk Information: Arkansas' minimum wage is $11/hour, materially above the federal minimum wage of $7.25/hour. However, Nevada County's average weekly wage in Q3 2025 was $971, Clark $905, and Hempstead $872. On average, this represents 63% of the national weekly wage of $1,459, indicating a significant labor-cost advantage. The average median household income of the three counties is approximately $50,902, which represents 84% of the state median income ($60,773), and 63% of the national median income ($80,734). While the minimum wage is higher than the federal minimum wage, the weekly wages and median household income suggests favorable conditions from an employer standpoint. This risk is assessed as very low risk.

Raw Risk Likelihood (RRL)	**Score**
The risk likelihood is deemed very low, therefore the RRL is 2 out of 10.	**2**
Raw Risk Impact (RRI)	**Score**
The risk impact is deemed very low, therefore the RRI is 2 out of 10.	**2**
Gross Risk Indicator (GRI)	**Score**
The Gross Risk Indicator (RRL X RRI) is 4 out of 100.	**4**
Mitigation/Notching	**Notch**
No adjustment.	**NN**

Loaded RI Score	Score
The Loaded RI Score ((1-Total Notch) X GRI Score) is 4 out of 100.	4

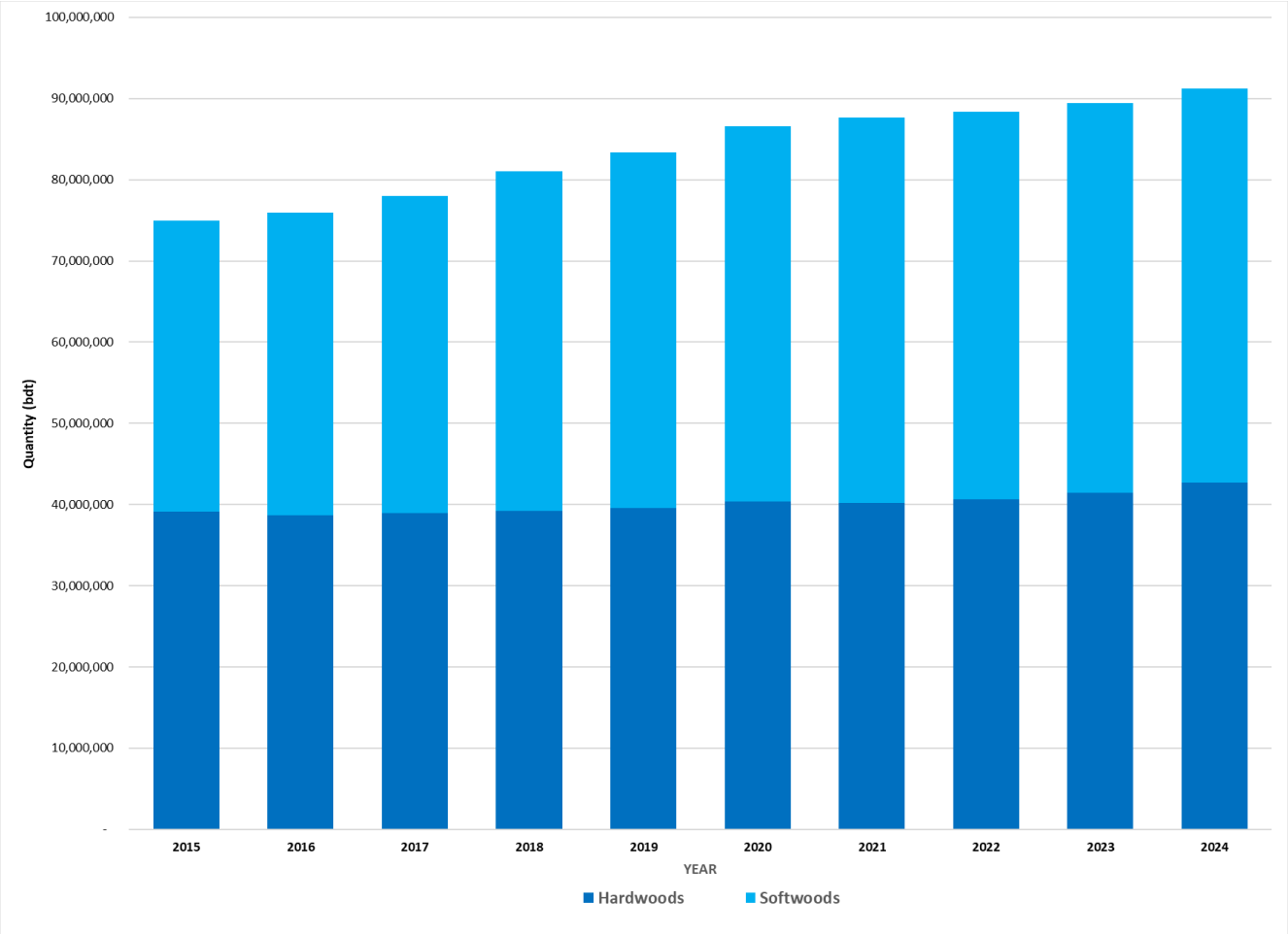
SECTION E: TABLES AND FIGURES

Figure E-1. Above Ground Biomass of All Live Trees in the Supply Zone (2015-2024)[14]



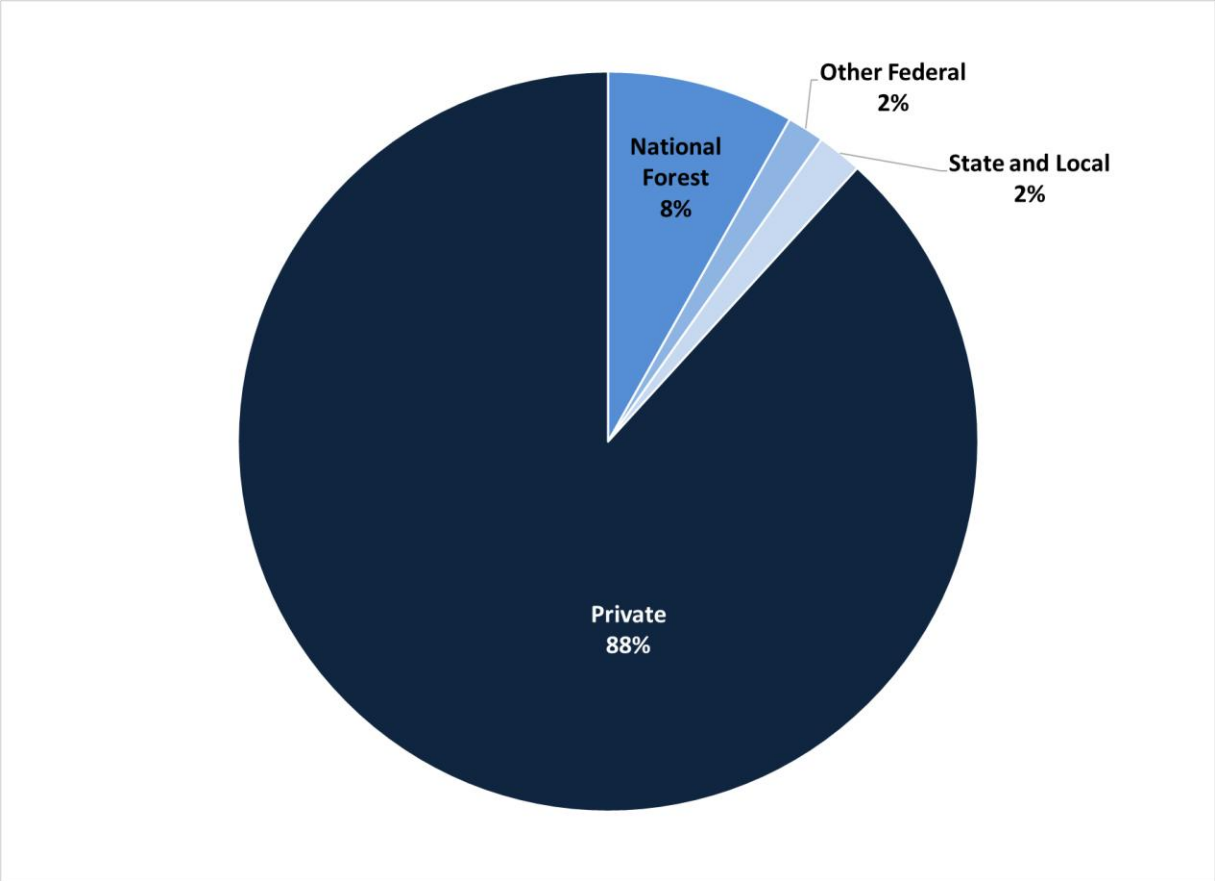
[14] apps.fs.usda.gov/fiadb-api/evalidator

Figure E-2: Above Ground Biomass of Live Pulpwood Size Trees in the Supply Zone (2015-2024)[15]



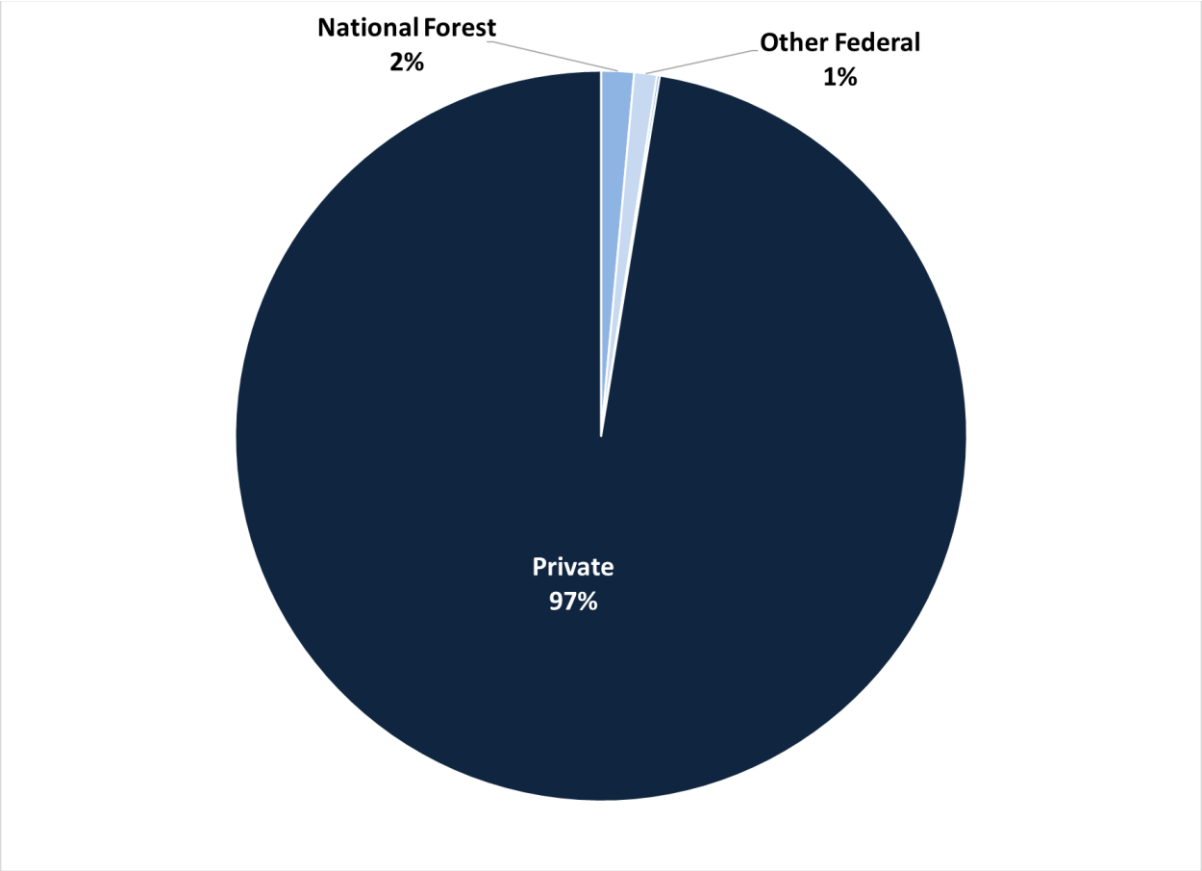
[15] Ibid.

Figure E-3. Percent Merchantable Biomass of Standing Live Trees by Ownership[16]



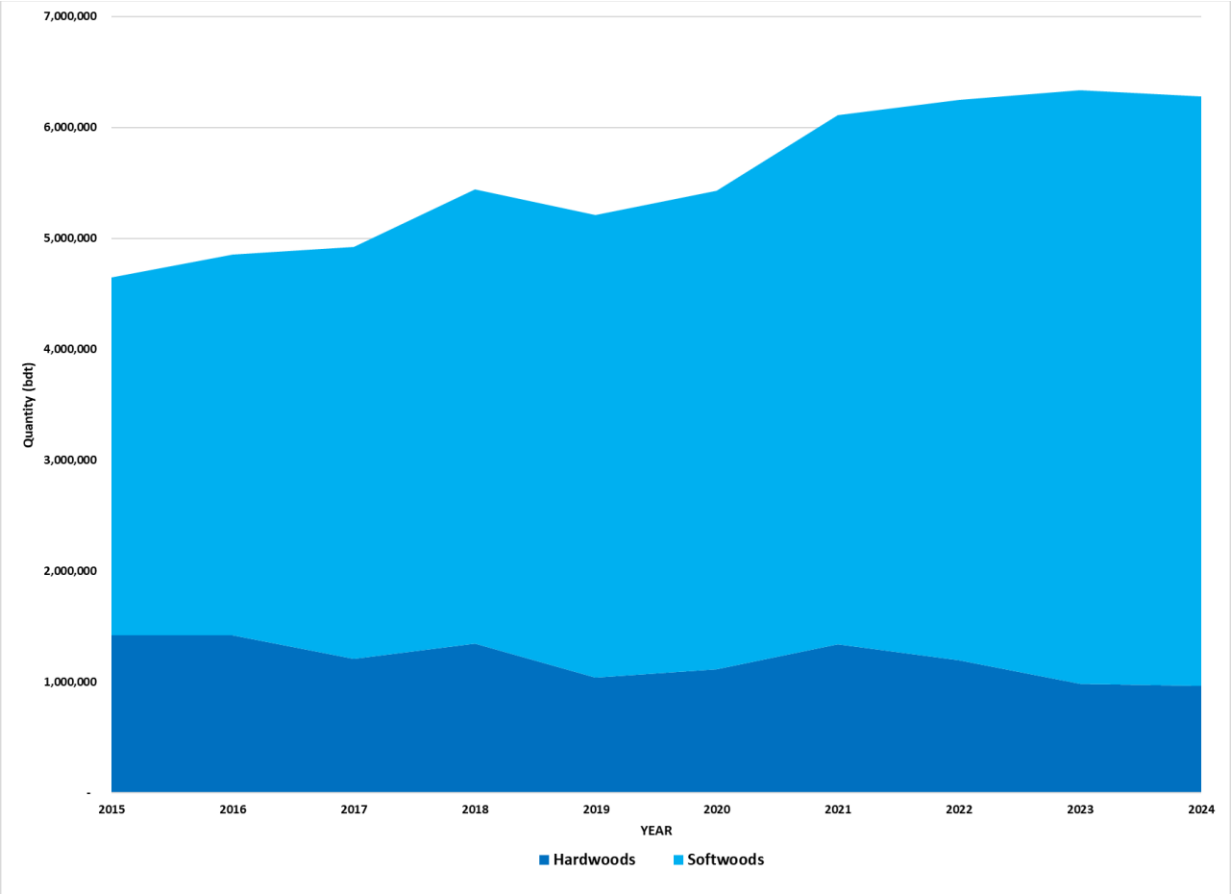
[16] Ibid.

Figure E-4. Percent Timber Removal by Ownership[17]



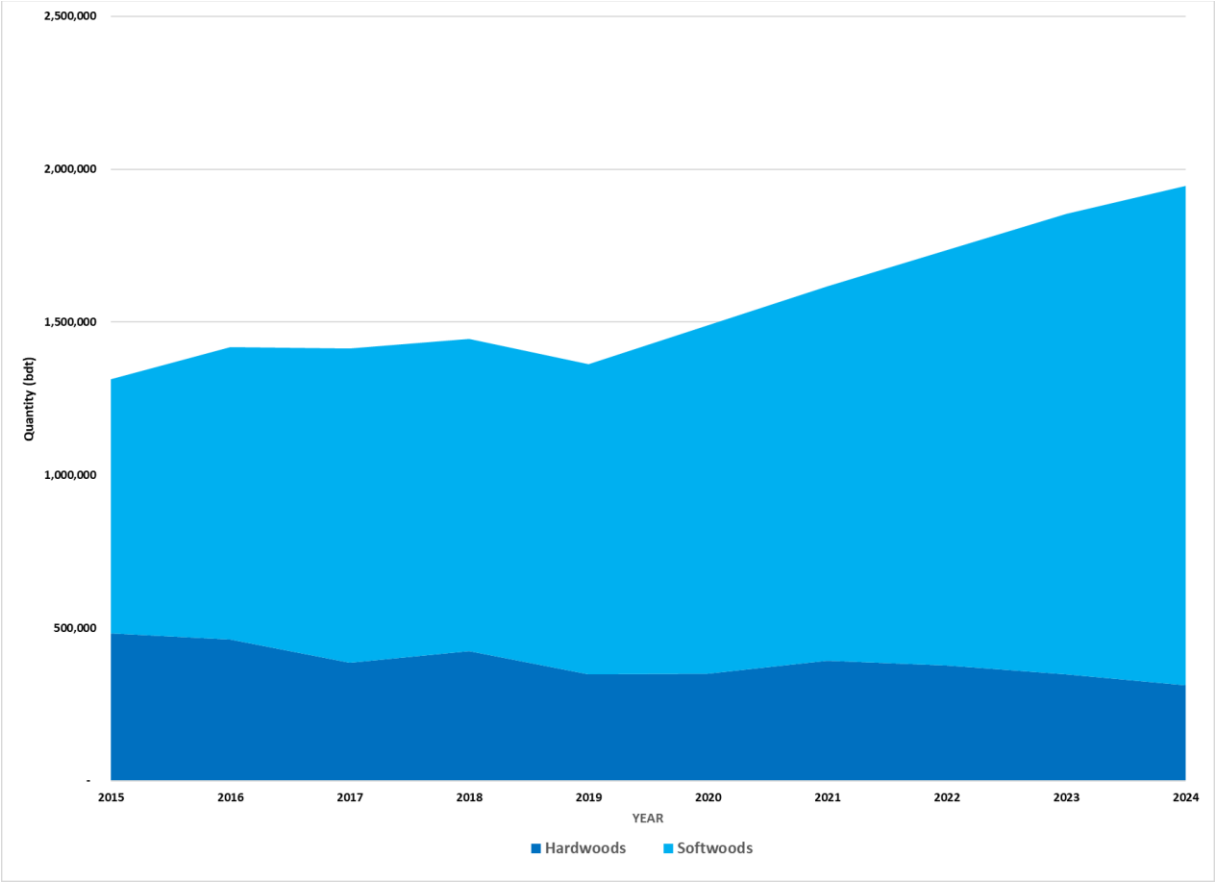
[17] Ibid.

Figure E-5. Historical Harvest of All Size Timber in the Supply Zone[18]



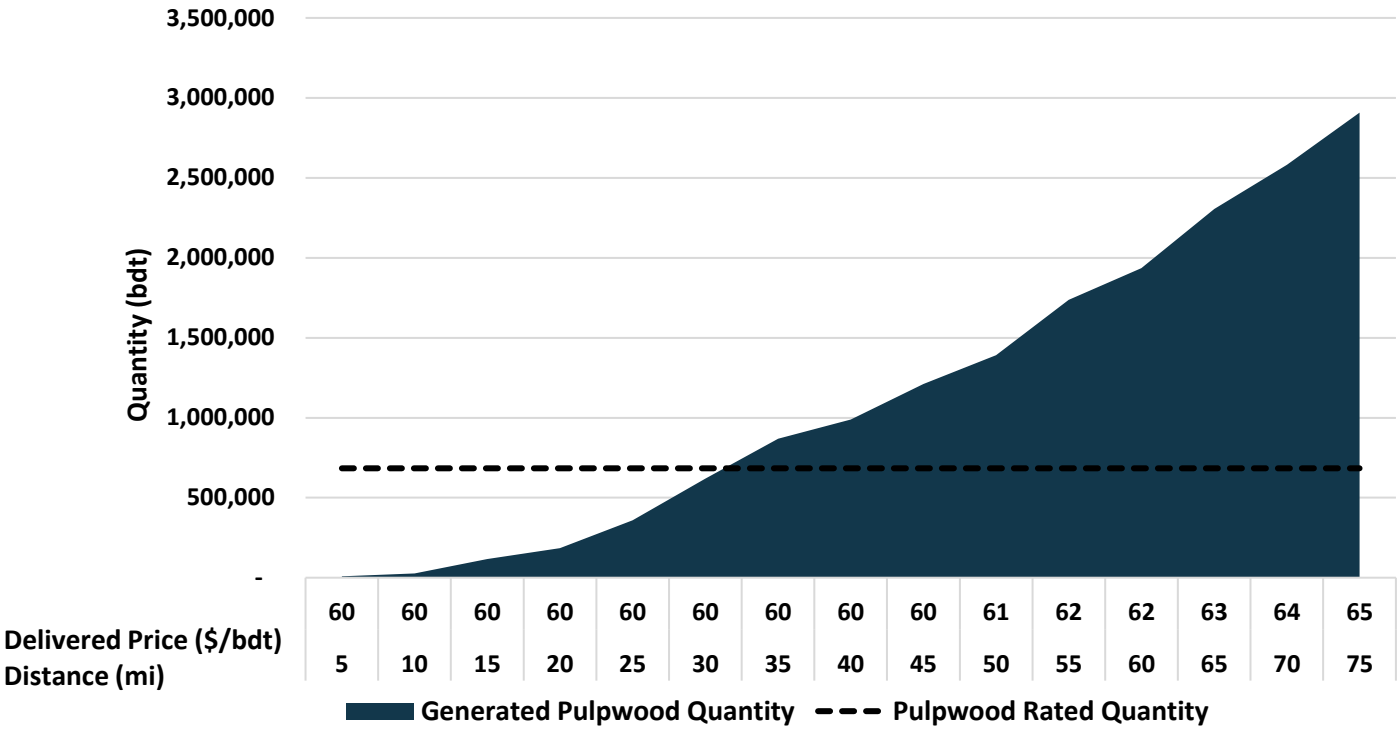
[18] Ibid.

Figure E-6. Historical Pulpwood Size Harvest in the Supply Zone[19]



[19] Ibid.

Figure E-7. Supply/Marginal Cost Curve for Pulpwood Generated in the Supply Zone[20]



[20] Ibid.

Figure E-8. Supply/Marginal Cost Curve for Forest Residues Generated in the Supply Zone[21]

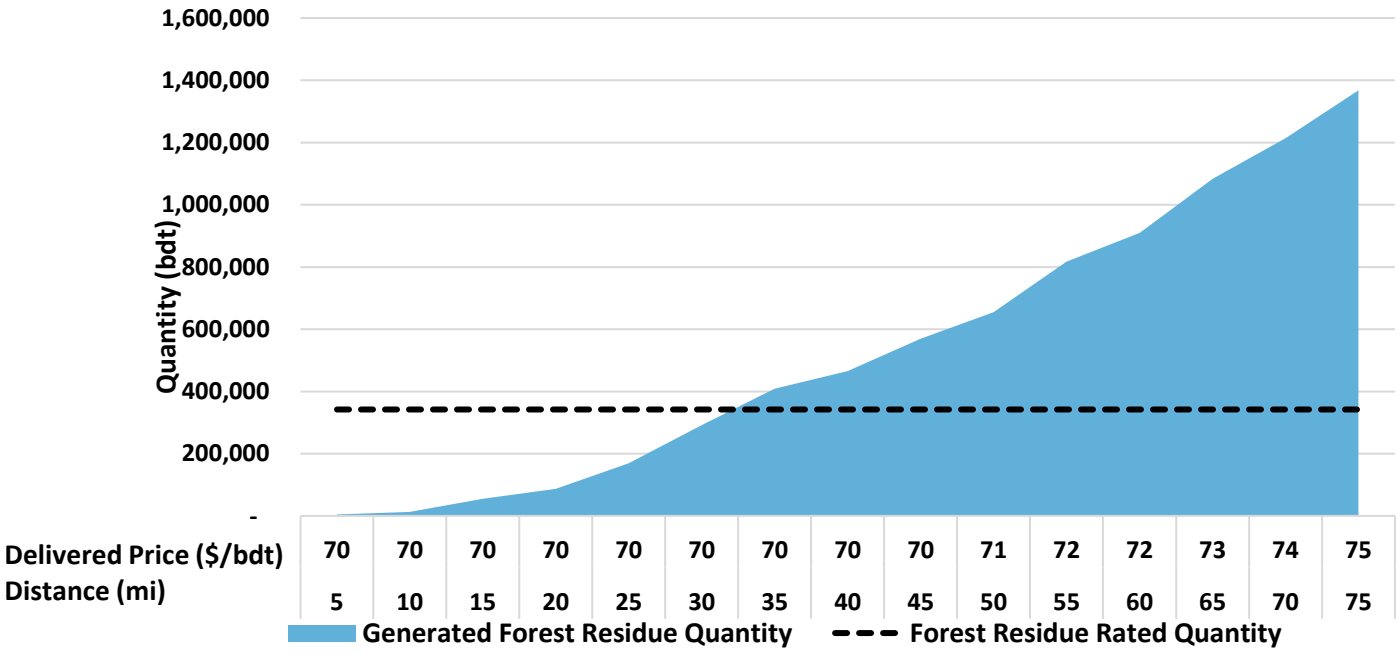
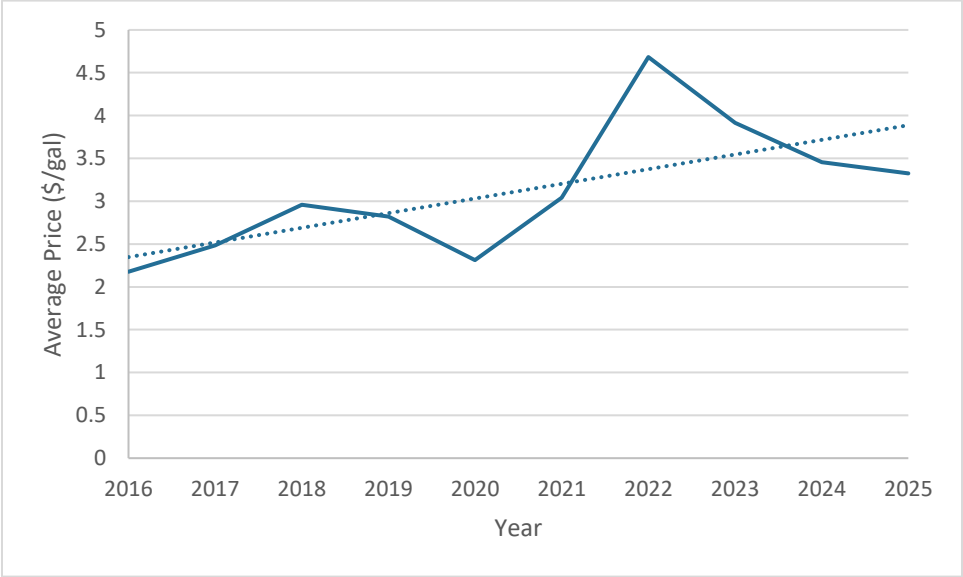
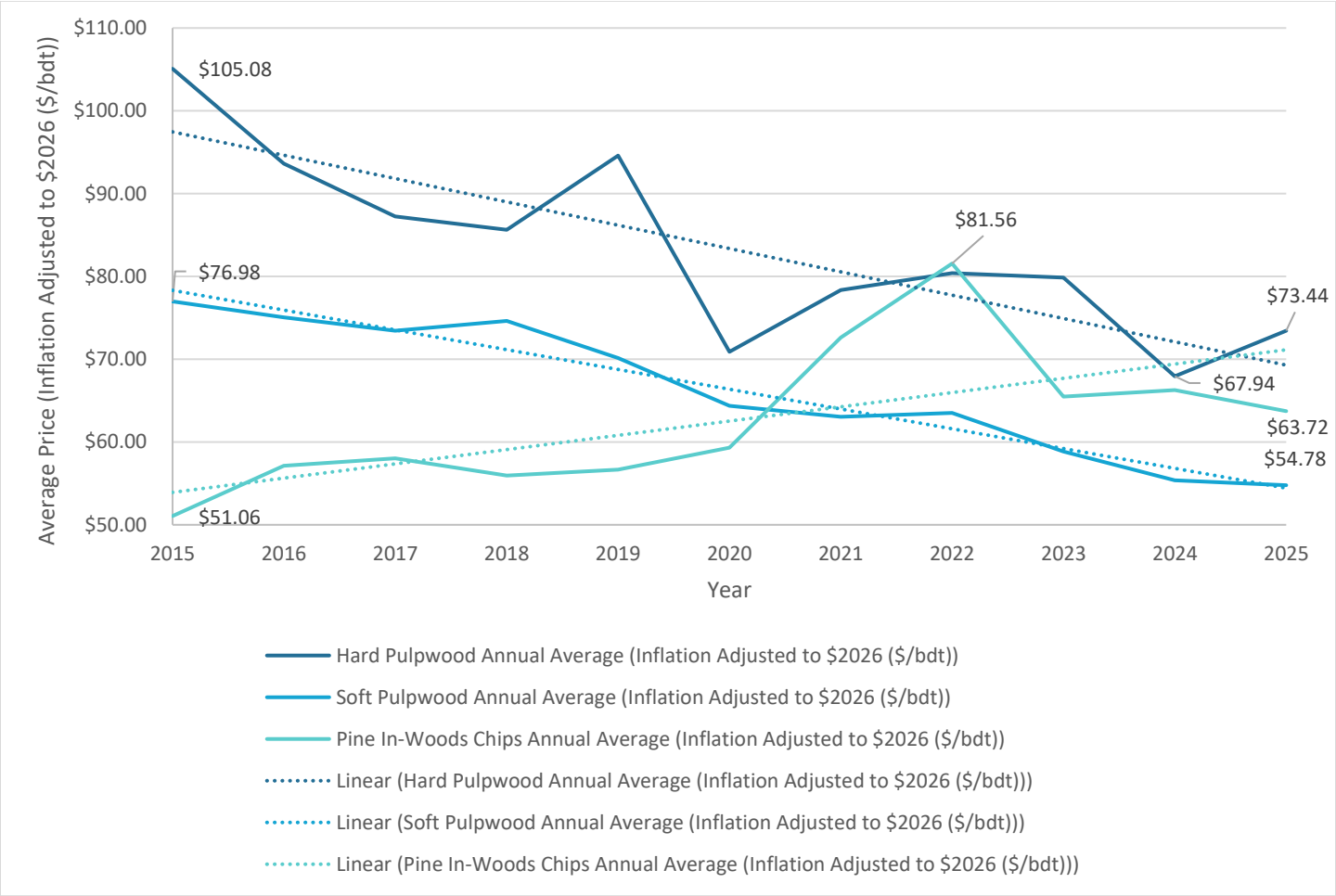


Figure E-9. Historical Diesel Prices ($/gal) and Trendline for the Gulf Coast (2016-2025)[22]



[21] Ibid.
[22] https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=emd_epd2d_pte_r30_dpg&f=a

Figure E-10. Pulpwood and In-Woods Chips Market Prices



SECTION F: ADDITIONAL NON-RATING INDUSTRIAL SITES

PROPERTY OVERVIEW: HOPE002 SITE



Site Name:	**Hope002 Site**
Address:	Hwy 32
City:	Hope
State:	Arkansas
County:	Hempstead
Acres:	78
Pricing:	$10,000/acre
Zoning:	Industrial
Contact:	Anna Powell, (870) 777-8485, anna@hopeusa.com

TRANSPORTATION

The Hope002 Site is less than 3 miles from US-278, AR-4, AR-29, and I-30, and 28 miles from I-49. The Hope Municipal Airport is 1.2 miles away, Texarkana Regional 28 miles, and Kizer Field 16.5 miles. The Union Pacific Railroad is 0.6 miles away, Kiamichi Railroad 3.4 miles, and Kelowna Pacific 2.9 miles away.

ELECTRIC SERVICE

Electric service is provided by Hope Water and Light.

NATURAL GAS

Natural gas service is provided by Summit Utilities.

WATER

Municipal water service is provided by Hope Water and Light.

WASTEWATER

Municipal sewer service is provided by the City of Hope.

TELECOMMUNICATIONS

Telecommunications infrastructure is available on site, and is provided by Southwest Arkansas Telephone Co-op and Hope Water and Light.

PROPERTY OVERVIEW: SOUTHWEST ARKANSAS MEGA SITE



Site Name:	**Southwest Arkansas Mega Site**
Address:	3211 Highway 67 S
City:	Arkadelphia
State:	Arkansas
County:	Clark
Acres:	991
Pricing:	$9,500/acre
Zoning:	Industrial
Contact:	Shelley Short, (870) 246-1460, shelley@arkadelphiaalliance.com

TRANSPORTATION

The Southwest Arkansas Mega Site is located on US-67 and is 1 mile from I-30. Dexter B Florence Memorial Field airport is 3.3 miles away, Gurdon Lowe Field (5M8) 8.1 miles, and Bill & Hillary Clinton National Airport is 75 miles. The Union Pacific is 0.5 miles away, and Prescott & Northwestern 22 miles.

ELECTRIC SERVICE

Electric service is provided by Entergy and South-Central Arkansas Electric Cooperative.

NATURAL GAS

Natural gas service is provided by Summit Utilities.

WATER

Municipal water service is provided by City of Arkadelphia via a 16-inch pipe.

WASTEWATER

Municipal sewer service is provided by the City of Arkadelphia.

TELECOMMUNICATIONS

Telecommunications infrastructure is available and provided by AT&T.

PROPERTY OVERVIEW: MAGNOLIA INDUSTRIAL PARK



Site Name:	**Magnolia Industrial Park**
Address:	Commerce & Arkansas Streets
City:	Magnolia
State:	Arkansas
County:	Columbia
Acres:	20.2
Pricing:	$5,000/acre
Zoning:	Industrial
Contact:	Kelli Souter, (870) 234-4352, ksouter@magnolia-ar.com

TRANSPORTATION

The Magnolia Industrial Park is less than 1 mile from US-79 and AR-19, and less than 40 miles from I-30 and I-49. The Magnolia Municipal Airport is 1.6 miles away, Wilson (4F8) 16.8 miles, and Texarkana Regional is 45.9 miles. The Louisiana & Northwest Rail is 0.3 miles, and Union Pacific 4.4 miles.

ELECTRIC SERVICE

Electric service is provided by Entergy Arkansas.

NATURAL GAS

Natural gas service is provided by Summit Utilities.

WATER

Water service is provided by the municipality.

WASTEWATER

Sewer service is provided by the municipality.

TELECOMMUNICATIONS

Telecommunications infrastructure is available and provided by AT&T.

PROPERTY OVERVIEW: OKAY SITE



Site Name:	**Okay Site**
Address:	321 Okay Road
City:	Saratoga
State:	Arkansas
County:	Howard
Acres:	1,287
Pricing:	$3,500,000
Zoning:	Industrial
Contact:	Vanessa Weeks, (870) 584-1358, vweeks@cccua.edu

TRANSPORTATION

The Okay Site is located on Hwy 355, and is less than 2 miles from Hwy 32, AR-355, and AR-32. I-30 is located 13 miles from the site, and I-49 is 22 miles. Hope Municipal Airport and Texarkana Regional Airport are both located 22 miles from the site. The Arkansas Southern Railroad is located on site, with Kelowna Pacific 7.5 miles away, and Kansas City Southern 15 miles away.

ELECTRIC SERVICE

Electric service is provided by Southwestern Electric.

NATURAL GAS

Natural gas service is provided by Summit Gas.

WATER

Municipal water service is provided by Southwest Water System/Well.

WASTEWATER

The site has septic available.

TELECOMMUNICATIONS

Telecommunications infrastructure is available and provided by Walnut Hill Telephone.

PROPERTY OVERVIEW: REDI ARKANSAS MANUFACTURING CENTER



Site Name:	**REDI AR Manufacturing Center**
Address:	I-30
City:	Texarkana
State:	Arkansas
County:	Miller
Acres:	1,350
Pricing:	$7,500/acre
Zoning:	Industrial
Contact:	Rob Sitterley, (903) 334-5201, rob.sitterley@ar-txredi.com

TRANSPORTATION
The REDI Arkansas Manufacturing Center is located on I-30 and US-67, and less than 10 miles from AR-108, I-49, and US-82. The Texarkana Regional Airport is 9 miles away, Shreveport Regional is 75.4 miles away, and Hope Municipal is 16 miles away. Union Pacific Rail is located on site, Kelowna Pacific 6 miles away, and Kiamichi 7 miles.

ELECTRIC SERVICE
Electric service is provided by AEP SWEPCO.

NATURAL GAS
Natural gas service is provided by Kinder Morgan.

WATER
Municipal water service is provided by Texarkana Water Utilities.

WASTEWATER
Municipal sewer service is provided by Texarkana Water Utilities.

TELECOMMUNICATIONS
Telecommunications infrastructure is available and provided by Four States Fiber.

PROPERTY OVERVIEW: DE QUEEN BUSINESS PARK



Site Name:	**De Queen Business Park**
Address:	257 Highway 71 N
City:	De Queen
State:	Arkansas
County:	Sevier
Acres:	37.8
Pricing:	$10,000/acre
Zoning:	Industrial
Contact:	Veronica Ozura, (870) 584-3225, vozura@cccua.edu

TRANSPORTATION
The De Queen Business Park is located less than a mile from US-41, US-59, US-70, and US-71. I-30 is 50 miles away, and I-49S is 58 miles. Sevier County Airport is 5 miles away, Texarkana Regional 45.3 miles, and Broken Bow is 24 miles. Kansas City Southern Rail is located 0.1 miles, and De Queen and Eastern is 1.3 miles away.

ELECTRIC SERVICE
Electric service is provided by Southwestern Electric Power Company.

NATURAL GAS
Natural gas service is provided by Summit Utilities.

WATER
Water service is provided by the municipality.

WASTEWATER
Sewer service is provided by the municipality.

TELECOMMUNICATIONS
Telecommunications infrastructure is available and provided by Windstream.

SECTION G: LEGAL DISCLAIMER

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