



Optimistic but still wary after learning of Gov. Linda Lingle's veto, some of the Ookala residents opposed to Tradewinds Forest Products mill and power plant gather Tuesday near the old Ookala Sugar Mill. Former Hamakua Sugar Co. employees Walter Ita, left, and Bobby Labrie have lived in Ookala for 69 and 56 years, respectively, while Robert Pagliai, holding son Giovanni, 5 months, has been a resident for six years. Former Hamakua Sugar Co. cultivation superintendent Scott Enright and his wife, Susie Collins, moved there 16 years ago. Basing their conclusions on the history of the defunct mill, all agree that the project would generate significant noise and pollution, especially for residents of Milo Camp, located a few hundred feet from the site of the proposed project. - William Ing/Tribune-Herald

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Tradewinds' bonds vetoed

Lingle's action deals a blow to the project

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Tradewinds Forest Products won't be getting \$25 million in state bonds to build a wood veneer mill and power plant in Ookala, but the fight over the controversial project is far from over.

Among 27 bills she vetoed Tuesday, Gov. Linda Lingle nixed one that would have authorized up to \$25 million in special purpose revenue bonds for the Portland, Ore.-based company. Harvested eucalyptus trees would be harvested from both the Waiakea Timber Management Area and around Hamakua, turned into thin sheets of veneer and shipped out of Hilo to the mainland.

"This bill is objectionable because there are serious questions as to whether issuance of the contemplated special purpose revenue bonds would serve a public purpose and whether financing of the project is an appropriate use of the bonds," Lingle wrote in vetoing the bill.

The statement doubted that such bonds could be issued for the project since most of it didn't appear to qualify for special purpose revenue bond financing on a federal tax-exempt basis.

"Absent sufficient special purpose revenue bond financing, it is unclear whether the project would produce the

local products and jobs anticipated in the bill," the statement says. "Tradewinds has had an agreement for the past five years with the State to build a timber processing plant and to harvest eucalyptus and maple planted in the Waikea (sic) Forest Reserve. However, due to difficulties in securing financing, the project has been delayed and has not produced the local products and jobs initially anticipated."

Lingle's statement added that "residents of the area have raised questions and concerns about the potential impacts. Additionally, questions have been raised as to the appropriateness of using publicly issued financing for a project that proposes to use the public's resources for private gain."

Tradewinds President Don Bryan said the veto wouldn't change plans for the mill and power plant "in any way," and that it would be funded "about half private equity and about half private debt."

"We're very appreciative of the vote of confidence that the Legislature gave us. We thought that was absolutely great," Bryan said from Portland. "We appreciate the governor considering the bill, and she saw fit to veto it."

Bryan said some people may have confused the bill's purpose -- authorizing bonds that had to be repaid -- with a subsidy. Still, he vowed to move on despite the veto.

"We're hoping for an October startup. It's in the fall," he said.

The next step is to get permits, and that's where opponents of the mill and plant see their best chance to stop it from being built.

"We're going to fight them through the regulatory system," said Ookala resident Scott Enright. "We realize we still have a long battle ahead to try to dislodge Tradewinds from this site."

Enright said Tradewinds needs some 17 permits before it can begin operating.

"We're researching to find out what they are," Enright said, and would inform the community when the public comment periods would be held.

In a June 29 letter to Lingle, Enright cited an unnamed Brazilian eucalyptus plantation with 5 million acres in production and doubted that Tradewinds had enough trees to compete on the global commodity market.

The bill was introduced by Rep. Dwight Takamine, D-Kohala-Hamakua-Hilo. Only Rep. Jerry Chang, D-Hilo, voted against its final passage. Takamine did not return a call to his office.

Plans call for a \$30 million mill and co-generation plant on the site of the former Ookala Sugar Mill to harvest the eucalyptus trees into sheets of dry wood measuring 4 by 8 feet and an eighth of an inch thick.

"I think (Bryan) really needed the special purpose revenue bonds," Enright said. "We'll see if he can come up with the rest of the funds."

Since being issued a license in 1999 to harvest timber, Tradewinds has encountered trouble getting the funding for the project. In the past, it had missed several deadlines for the timber license and was twice in jeopardy of being found in default.

Said Bryan: "I just want to make legislators know how much we appreciate their vote of confidence, and this plant will be a terrific benefit to the people on the Hamakua Coast, and we want to move ahead."

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