

# LHF LOPIWA LLC

Hawai'i Island, Hawai'i



 Photo: MeRyan

In the 1980s and 90s, the Hawaiian sugar industry went into deep decline from over 120 thousands acres harvested in the early 1970s to an average of 20 thousand acres harvested a year over the past decade. While tourism became the dominate industry for the state, the disappearance of sugar left a large gap in many rural economies.

On the north-west coast of the “Big Island,” lands once occupied by sugar plantations have now been replanted with eucalyptus, a fast-growing hardwood species typically used for pulpwood. While there has been much success in growing eucalyptus, Hawai'i has had limited resources for processing the trees, creating the need to ship the

lumber off-shore and allowing others to reap the financial benefits of the creation of value-added products.

GMO Renewable Resources, a respected Timber Investment Management Organization (TIMO), which owns the cuttings rights to 12,704 acres of Eucalyptus Plantation under the affiliate LHF Lopiwa, is poised to fill that processing gap with the Tradewinds Veneer Mill. The \$73MM mill, which is co-sponsored by Rockland Capital, will peel eucalyptus logs and supply veneer to plywood and laminated veneer lumber manufacturers in the western United States and Asia.

In addition to the veneer, the mill and plantation will provide wood biomass to two oil-fired energy plants currently in the process of converting to biomass, helping to offset the heavy dependence on imported oil, which according to the Hawai'i Electric Company (HELCO), currently accounts for 93% of Hawaiian energy production. The mill, biomass and related services will create over 160 new jobs and provide a local market for the eucalyptus logs, substantially increasing the value of the plantations.

## Qualifying Features

- Hawaii Enterprise Zone
- Unemployment Rate >1.25x National Average
- Non-Metropolitan Tracts

CCML allocated \$10 million in NMTC capacity to finance the project. GE Commercial Finance served as the equity investor while GE and Rural Development Partners provided additional NMTC allocation for this \$25 million multi-allocatee deal, which closed on December 23, 2009.

## Key Benefits

- Provides for the creation of a value-added product from local eucalyptus timber, which fills the economic gap left from the disappearance of the sugar industry
- Lessens the island's dependence on foreign oil.
- Creates 163 new permanent jobs with hourly wages at 30% greater than area average, with full benefits.
- Creates 54 construction jobs.

## CEI CAPITAL MANAGEMENT LLC

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