



# Appalachian Sustainable

December 2014

Monthly newsletter of  
Appalachian  
Hardwood  
Manufacturers, Inc.  
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## Future Meetings

**2015 Annual Meeting - Feb. 25-March 1**

Hyatt Coconut Point,  
Bonita Springs, FL

**2015 Summer Conference - July 24-28**

Colonial Williamsburg,  
Williamsburg, VA

**2015 Fall Meeting & Tours - TBD**

## Export Help, Cabinet Plans Top Agenda 2015 Annual Meeting Set For Bonita Springs, FL

Exports continue to take a growing share of Appalachian Hardwood lumber production and two speakers will explain ways Appalachian Hardwood Manufacturers Inc. members can improve sales and profits in 2015.

The Annual Meeting business sessions will include presentations on how Domestic International Sales Corporations can help reduce your tax burden and how a new American Hardwood Export Council program will provide environmental data to boost sales to international companies.

Both are part of the opening day business program for the 2015 Annual Meeting. It is planned for Feb 26-March 1 at the Hyatt Regency Coconut Point in Bonita Springs, FL. The resort is located just north of Naples on the Gulf of Mexico.

The confirmed business program includes:

- **Domestic International Sales Corporations (DISC)** - Stewart Feldman of The Feldman Law Firm in Houston, TX, has more than 30 years experience in sophisticated legal, tax and financial transactions. An IC-DISC reduces your tax liability by converting a portion of your export income, which is taxable at ordinary income rates as high as 35%, into qualified dividends generally taxed at 15%.

- **American Hardwoods: The Environmental Decision** - Mike Snow of the American Hardwood Export Council will explain the American Hardwood Environmental Profile (AHEP) which combines output from the AHEC's Life Cycle Assessment with other credible data sources to give U.S. hardwood suppliers comprehensive environmental impact data. This is tailored individually to each sale and can be delivered to the customer.

- **Preparing For The Future Of Cabinets** - Chris Watson, president of Conestoga Wood Specialities of East Earl, PA. Conestoga marked 50 years in the wood products business in 2014 and is preparing for continued success. Watson will share developments in the wood cabinet industry.

- **Truth About Trees** - Crystal Oldham, executive director of the Hardwood Forest Foundation, will present a program at a Naples area elementary school as part of the meeting. She will report on that and success of the educational campaign across the US.

AHMI is also developing a program on **logistics and domestic freight delivery issues** and will include a program on the **Hardwood Checkoff** if needed.

The meeting will include four receptions and an "early-bird" reception at the Naples, FL, home of long-time AHMI members **Mitch and Iris Carr of Shenandoah Forests**.

AHMI will have two golf tournaments at the resort's championship Raptor Bay  
(See **Meeting** on page 3)

## The way I see it...

By Tom Inman, AHMI President

...2014 has been a very good year for the Appalachian Hardwood industry! Production has increased, domestic sales were improved, export sales continue to expand and a degree of profitability has returned.

These can be gauged by any number of matrix that report shipments by volume or dollar amounts. One of the best, however, is the overall attitude of the folks.

At each AHMI meeting and the dozens of other meetings I have attended on your behalf in 2014, people were happy. There inventories were moving and forecasts for the near term were positive.

The final quarter of the year may not be as strong as previous quarters but overall 2014 was a very positive year in the Appalachian Hardwood region.

This is equally true for the Association as we have completed extremely successful promotion campaigns for Solid Appalachian Hardwoods, expanded the Appalachian Hardwood Verified Sustainable and Verified Legal systems and provided thousands of lumber buyers from around the world with specific information on AHMI members.

All of this work pushed the Association about 12% over budget for the year for BOTH income and expenses. I am happy to report that revenue was more and we are expected to end the year on a positive. AHMI Vice Chairman of Finance Jay Reese has kept the Trustees informed of our finances and where the money was being allocated. We are planning now for an equally aggressive campaign in 2015.

This will be detailed at the 2015 Annual Meeting in Bonita Springs on Feb. 25-March 1. Please make your plans today to join us at the Hyatt Coconut Point which is a terrific facility just minutes north of Naples, FL.

The agenda is on pages 1 and 3 of this newsletter. We have informative speakers confirmed, fun sporting activities and Saturday afternoon on the beach, and plenty of networking time.

I want to wish you and your family a Merry Christmas and Happy New Year and look forward to working with you in 2015!



AHMI welcomes the following new member:

### **Supplier**

Michael Weinig, Inc.  
Daniel Murphy  
PO Box 3158  
Mooresville, NC 28112

New members are the lifeblood of the association and there are benefits to companies in each of our divisions. If you know of hardwood sawmills, concentration yards, secondary manufacturer or consulting foresters as well as vendors who sell goods to your company, please contact the AHMI office at (336) 885-8315 or [info@appalachianwood.org](mailto:info@appalachianwood.org). We will send them membership information or schedule a visit with you to ask them to join.

The 2015 membership dues were mailed on Dec. 1 and are due by Jan. 31, 2015.

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## Northwest Hardwoods Buys Fitzgerald Lumber

AHMI member Northwest Hardwoods is completing the acquisition of former member Fitzgerald Lumber & Log Company in Buena Vista & Fairfield, Va.

Fitzgerald Lumber & Log was established in 1973 and has hardwood sawmills and distribution. The Buena Vista, VA, location is an integrated sawmill facility equipped with 420,000 board feet of kiln drying capacity. The Fairfield, VA, location is a green sawmill facility.

Northwest Hardwoods President TJ Rosengarth said the Fitzgerald brand is recognized worldwide as a premier brand for quality and service. "This fits very well with our NWH brand and represents an opportunity to grow from a position of strength in a key operating region," he said.

Northwest Hardwoods plans to operate this business as a subsidiary called Fitzgerald Lumber & Log. The facilities employ 85 people.

## Meeting from page1

Course. After great success in 2014, the meeting will also offer a fishing tournament on Friday in the backwaters of Estero Bay.

The Hyatt has an exclusive beach on the Gulf of Mexico and the water taxi takes guests on an enjoyable 15-minute ride to Big Hickory Island. White soft sand and the Gulf of Mexico with plenty of open chairs and umbrellas for those looking to relax. The hotel has three pools, hot tubs and cold plunge waterfall on its main campus.

The Stillwater Spa offers signature, full-body massages, replenishing facials, and treatments. On-site recreation includes the Raptor Bay golf course, tennis and rock climbing wall, 24-hour StayFit™ gym, bicycle and kayak rentals.

The hotel has three restaurants and two bars along with poolside dining with innovative cuisine

from seafood to American favorites.

There are boutiques on site for shopping and just minutes away are the Coconut Mall, the Miromar Outlets and the Gulf Coast Town Center.

The resort is located close to the Southwest Florida International Airport. Please make your flight reservations today for the best selection. AHMI has received a discount car rental rate from Enterprise and car service is also available from Naples Tour and Transportation.

Hotel reservations should be completed immediately at <https://resweb.passkey.com/go/AHardwood>

Online meeting registration is available at the AHMI website [www.appalachianwood.org/meetings.htm](http://www.appalachianwood.org/meetings.htm)

For more information, please contact the AHMI office at (336) 885-8315.

## 2015 Annual Meeting Agenda

### **Wednesday, Feb. 25**

6 p.m. Early Arrival Reception at home of Mitch and Iris Carr in Naples, FL. *Bus provided*

### **Thursday, Feb. 26**

Informal golf and fishing available. Call AHMI

3 p.m. Board of Trustees Meeting

5 p.m. Registration

6 p.m. Welcome Reception

Dinner on your own

### **Friday, Feb. 27**

7:30 a.m. Fellowship of Christian Lumbermen

8:30 a.m. General Session

*Preparing For The Future Of Cabinets* - Chris Watson, president of Conestoga Wood Specialties of East Earl, PA, will share developments in the wood cabinet industry.

*Domestic International Sales Corporations (DISC)* - Stewart Feldman of The Feldman Law Firm in Houston, TX, will explain the DISC program and tax benefits for exporters.

*American Hardwoods: The Environmental Decision* - Mike Snow of the American Hardwood Export Council will explain the American Hardwood Environmental Profile (AHEP)

9 a.m. Ladies Breakfast

12 noon Fishing Tournament in Estero Bay

12:30 p.m. Golf Tournament at Raptor Bay

6 p.m. Reception

Dinner on your own

### **Saturday, Feb. 28**

8 a.m. Producers Meeting

8 a.m. Distributors Meeting

9 a.m. General Session

Annual Meeting & Member Anniversaries and Chairman's Report from Steve Houseknecht of Wagner Lumber Co. and AHMI Chairman

*Logistics and domestic freight delivery issues* - TBA

*POTENTIAL - Hardwood Checkoff Update* from US Department of Agriculture

*Truth About Trees* - Crystal Oldham, executive director of the Hardwood Forest Foundation, will present a program at a Naples area elementary school as part of the meeting. She will report on that and success of the educational campaign across the US.

12:30 p.m. Golf Tournament at Raptor Bay

1 p.m. Fun at Big Hickory Island (*AHMI cabana on the beach*)

6 p.m. Chairman's Reception

### **Sunday, March 1**

No formal business - Safe Travels!



## Cabinet Maker Expands

TOLEDO, OH -- Lily Ann Cabinets, a manufacturer and distributor of kitchen cabinets, will move into the former Merillat plant in Lenawee County, OH, according to published reports.

The online cabinet wholesaler is expected to invest approximately \$10 million, creating 20 jobs. The Merillat plant closed in 2009, after the company was acquired in a merger with Masco, and has been empty for six years.

According to *The Daily Telegram*, Lily Ann Cabinets will assemble cabinets in the new plant, which is expected to be operational in January 2015. Started in 2004, Lily Ann Cabinets manufactures and sells kitchen and bathroom cabinetry factory direct nationwide with offerings of more than 20 different finishes of wood cabinets.



## 84 Lumber Ships Whole-House Kits

EIGHTY-FOUR, PA - 84 Lumber is exporting building materials, including full home packages shipped for projects around the world through its World Trade Division.

Founded in 1956, Eighty Four, PA-based 84 Lumber is the nation's largest privately held building materials supplier. It's latest effort in Mongolia aims to replace tent and shanty cities surrounding the capital with wood homes.

84 Lumber supplied the capital city of Ulaanbaator with 24 town homes in 2014. The company previously built a luxury subdivision of \$1 million homes in Shenzhen, China, shipping 36 luxury homes to Shenzhen, China in 2000.

"We also supplied the oak spiral staircases, Jacuzzis, in-wall vacuum system, and appliances such as refrigerators, ovens, washers and dryers, etc. Our efforts also included on site technical assistance," says the company.

84 Lumber now carries on projects in more than 20 countries, including Germany, Mexico, Australia, Chile, New Zealand and South Korea. The division assembles the materials in kits, then designs and manages shipping logistics.

## AHMI Schedule Of Trade Shows, Events

Appalachian Hardwood Manufacturers, Inc. will attend / display at the following meetings, trade shows and other events to promote AHMI members and products in early 2015:

Jan. 6, 2015: Appalachian Lumbermen's Club, Hickory, NC

Feb. 4-6: NRLA Expo, Boston, MA

Feb. 10-11: Hardwood Federation, Washington, DC

Feb. 25-March 1, 2015: AHMI Annual Meeting, Bonita Springs, FL

March 10-12, 2015: Indiana Hardwood Lumber Association, Indianapolis, IN

March 17, 2015: Appalachian Lumbermen's Club, Greensboro, NC

March 25-27: Kentucky Forest Industries Association Annual Meeting, Lexington, KY

March 29-April 1: Interzum Guangzhou, China

April 18-23: High Point Furniture Market, High Point, NC

April 20-21: Furniture Market Wood Species Design Survey, High Point, NC

April 28-May 1, 2015: National Wood Flooring Association Convention, St. Louis, MO

For more information, please contact the AHMI office at (336) 885-8315.

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## EPA Proposes Sawdust As Carbon-Neutral Fuel

The new Environmental Protection Agency carbon accounting framework for biomass residuals, such as sawdust produced by sawmills, recommends they be treated as a carbon-neutral fuel source under the Clean Air Act.

Without the classification, sawdust generated at mills could not be used to heat and power mill facilities, nor could it be converted into pellets to heat homes and businesses. Instead, sawdust and other biomass residuals would go into landfills.

The Hardwood Federation is currently evaluating the larger framework document, but said in a statement that this classification on biomass residuals "is a very positive step."

# Hardwood Federation Prepares For 2015 Work

*by Dana Lee Cole, HF Executive Director*

Campaigns are over, ballots have been cast and counted, speeches have been made and Campaign 2014 is finally over and in the books. Well, sort of. We still have a runoff for the Senate seat in Louisiana.

What we know now is that Republicans took over the U.S. Senate majority, made impressive gains in the U.S. House and won unexpected victories in Governors' races. The Democrats are analyzing disappointing results and planning for a new balance of power in Washington, D.C. for the next two years.

Will the new leadership structure make any difference in the way Washington runs? Most political analysts read the outcomes of the elections as frustration among voters. Facing low approval ratings and voter discontent, House and Senate leadership, and the White House, are signaling that they want to work together and pass laws that will move the U.S. forward.

Incoming Senate Majority Leader McConnell has pledged to take up bills and allow for amendments from both Republicans and Democrats. But this does not mean more bills will actually pass

both Houses and be signed into law. The GOP made major gains in November, but the Majority Leader will not have a filibuster proof, 60-vote majority in the upper chamber. He will need a half dozen Democrats to vote with the Majority on anything that hopes to pass.

Republicans will need to prove that they can lead and put forward reasonable legislation if they hope to maintain seats in 2016 and Democrats are eager to have a voting record to run on that is viewed as economically sound and socially progressive. There may be room for compromise as everyone looks to the next Presidential election.

So what does this mean for the Hardwood industry? Early indications are positive. Priority issues like energy efficiency and transportation policy will likely be revived. Oversight of proposed rules governing U.S. waters and biomass carbon accounting could increase. Federal forest management policy has become an issue of interest on both sides of the aisle and could see action in the new Congress, although compromise with the White House will be essential for actual change to be implemented. Tax reform is now being discussed as an area where Republicans and Democrats could find common ground. International trade policy is also expected to be an area where negotiation will find fruit. And believe it or not, initial work on the next Farm Bill will begin in 2015, with hearings on aspects of the current bill.

The Hardwood Federation is already plotting a strategy to meet with new members and Committee Chairs. We have good relationships with a number of the returning Republicans that will be moving into leadership roles and look forward to strengthening those ties. We will also continue to work closely with our supporters on the Democratic side of the aisle. They will be essential to moving our agenda forward over the next two years as well as establishing long allies.

We will continue to monitor, assess and take action on those federal policies that most impact the Hardwood industry. As always, thank you for your engagement and generous support. We are excited about continuing our work on behalf of the Hardwood industry in 2015!

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## Inman Presents At Mid-Atlantic Expo

AHMI President Tom Inman made two presentations at the 2014 Mid-Atlantic Forest Products Expo in Portsmouth, VA, in November. The program was hosted by state cooperators from North Carolina, South Carolina or Virginia and addressed certification issues pertaining to wood products for export including AHMI's Verified Sustainable.

Inman spoke on the Appalachian Hardwood Verified Sustainable program and shared a panel discussion with the Forest Stewardship Council, Sustainable Forestry Initiative and the American Tree Farm System.

The next day Inman spoke on Appalachian Hardwood Exports. Other presentations included economic trends, technological innovation, and resource availability.

# APPALACHIAN Hardwood Manufacturers, Inc.



## 2015 Annual Meeting on Feb. 25 - March 1 Hyatt Coconut Point, Bonita Springs, FL



To reserve your room, call the Hyatt Coconut Point at (239) 444-1234 and use the group code **AHardwood**. The block cutoff is Jan. 25. Rooms begin at \$274.00

To plan functions and include all participants on the Registration List, please complete this form and return with your payment to: AHMI, P.O. Box 427, High Point, NC 27261. Badges and other materials will be on site

### Registration before Feb. 6, 2015:

**AHMI MEMBER - \$350** per person

**GUEST - \$450** per person

**MEMBER SPOUSE - \$230**

**GUEST SPOUSE - \$330**

**CHILDREN AGE 10 & older - \$150; UNDER 10 - FREE**

*Add \$50 to any registration fee after Feb. 7, 2015*

Registration fee includes all business sessions and speakers, four evening receptions and entertainment.

*Full registration fee refunded on cancellations received by Feb. 6, 2015. Cancellations received after that time will be subject to 50% forfeiture.*

### REGISTER for AHMI'S 2015 ANNUAL MEETING

Name: \_\_\_\_\_

FEE: \$ \_\_\_\_\_

Name: \_\_\_\_\_

FEE: \$ \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

#### Events I / We will attend

Early Bird reception Wed., Feb. 25

Ladies Breakfast Fri., Feb. 27

Saturday Afternoon at **Big Hickory Island**

#### We want info on:

Other golf times

Other fishing times

Off-site shopping

Off-site dining

#### ANNUAL GOLF TOURNAMENTS 12:30 pm Shotgun Start each day

Name: \_\_\_\_\_ FEE: \$ \_\_\_\_\_

Please check:  Friday at Raptor Bay Course **\$195**  
 Saturday at Raptor Bay Course **\$195**

Name: \_\_\_\_\_ FEE: \$ \_\_\_\_\_

Please check:  Friday at Raptor Bay Course **\$195**  
 Saturday at Raptor Bay Course **\$195**

#### FISHING TOURNAMENT Friday at 12:30 p.m. (Departs from boat dock for 4-hour trip, includes tackle, bait, license) PLEASE CHOOSE:

\$195 each for one of four slots on chartered skiff or  
\$85 each for one of 10 slots on Raptor Runner

Name: \_\_\_\_\_ FEE: \$ \_\_\_\_\_

Name: \_\_\_\_\_ FEE: \$ \_\_\_\_\_

Check # \_\_\_\_\_

**TOTAL \$ \_\_\_\_\_**

Visa or

MasterCard \_\_\_\_\_ Exp. \_\_\_\_\_ Sec. Code \_\_\_\_\_

Register online at <https://www.regonline.com/Register/Checkin.aspx?EventID=1644264>

Hotel reservations online at <https://aws.passkey.com/g/23484120>