



Appalachian Hardwood *Sustainable & Legal*

Monthly newsletter of Appalachian Hardwood Manufacturers, Inc.

Appalachian Leaders Tour Paper, Flooring Mills

JOHNSON CITY, TN – Appalachian lumber industry leaders learned about paper manufacturing and toured paper and flooring operations at a joint meeting of Appalachian Hardwood Manufacturers Inc. and the Appalachian Lumbermen's Club.

More than 120 association and club members and guests participated in the meetings and tours. Domtar Paper's Kingsport Mill Manager Bill MacPherson was the keynote speaker providing general information on Domtar and specifics on the Kingsport facility.

The plant makes uncoated paper from chips purchased from Tennessee, North Carolina, Virginia and Kentucky. It is one of Domtar's 13 pulp and paper plants in the United States.

The mill opened in 1916 and was purchased by Domtar in 2007. It is the only sulfur-free processing facility in the U.S. and makes free sheet paper for printers and copiers.

(See **Tours** on page 2)



**Mullican
Flooring's
Plant
Manager
Kyle
Evans
shows
engineered
wood
products to
tour
Appalachian
tour group**



CLT, Trade Highlight Annual Meeting

Appalachian Hardwood Manufacturers, Inc. cordially invites you to attend the 2017 Annual Meeting on March 1-5 at The Diplomat Resort and Spa in Hollywood, FL. We have an exciting program at a newly renovated resort on the Atlantic that will be a memorable.

The business sessions are:

Cross Laminated Timbers In Building - Crawford Murphy, architect and developer, Asheville, NC,
(See **Meeting** on page 3)

December 2016

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The way I see it...

By Tom Inman, AHMI President

...the fires are dying down in the Appalachian region of east Tennessee and western North Carolina but more a dozen people have lost their lives and thousands of acres of Appalachian timber and dozens of homes and businesses have been destroyed.

While a few rain showers have helped and firefighters have most under control, the assessment and search for people continues. It will take months to determine the damages and restore the region.

AHMI member East Tennessee Wood Products in Seymour, TN, is just west of Gatlinburg and Pigeon Forge. Owners Randy and Mark Dixon report the mill, their homes and the homes of their employees were not damaged by the fires.

Randy Dixon said the worst fires were about 15 miles away in the Smoky Mountain National Park where dry conditions, strong winds and no forest management resulted in the perfect firestorm.

"There was so much underbrush that has built up in the Park, and dying trees that it burned so fast," he said. "It was on the towns so quickly because of the amount of fuel that was all around them."

Another fire weeks before burned acres near forestland the Dixons own outside of Townsend, TN. Their property was not damaged but neighbors lost trees.

"It's going to take a while to determine everything that has been lost here," Randy Dixon said. "We really feel for the people who have lost everything and will help them whatever way we can."

The fires are estimated to have damaged or destroyed more than 700 homes and businesses — nearly half of them in the city of Gatlinburg. Thousands of wooded acres have burned in the most-visited national park in America.

Park officials said the first fires were "likely to be human-caused" but that others were started when strong winds knocked trees into power lines.

Help people affected by disasters by making a donation to Red Cross Disaster Relief. Visit redcross.org.

Tours from page 1

MacPherson said Domtar is poised to become a leader in the personal care products category. The company's market share continues to grow at 4-5% annually.

Attendees were able to tour the Domtar facility the following day and view the wood yard where thousands of tons of chips are processed annually. The group viewed the mill processing the fiber into sheets of paper.

Attendees also visited the Mullican Flooring headquarters and toured the recently expanded manufacturing plant. Mullican has increased its production of engineered flooring to reduce imported products. The tour included the manufacturing and finishing lines.

The plant employs approximately 300 people in the 300,000-square-foot facility. Mullican ranks among the nation's top five hardwood flooring producers. The company manufactures and sells many different styles of prefinished solid and engineered flooring products via a network of 40 distributors and 5,000 retail stores across the United States and Canada.

The next meeting of the Appalachian Lumbermen's Club is Jan. 10 at the Crown Plaza in Hickory, NC. More information is available at www.lumberclub.org.

The next meeting of Appalachian Hardwood Manufacturers Inc. is March 1-5, 2017 at the Diplomat in Hollywood, FL. More information is available at www.appalachianwood.org/meetings.htm.

AHMI Guide Info Due 1/31/17

HIGH POINT - Appalachian Hardwood Manufacturers, Inc. mailed its 2017 Membership Dues and Appalachian Hardwood Verified Sustainable Resource Guide information recently. The deadlines for both are Jan. 31.

The Guide is distributed to thousands of lumber buyers around the world. It lists members, locations, contacts, equipment, and species. There is also an opportunity to advertise and promote specific details about your company. It is emailed to 12,000 international buyers.

Meeting from page 1

will discuss plans for a 7-story timber structure in North Carolina AND for a CLT manufacturing plant in the central Appalachian region. Research shows that Appalachian Poplar has excellent properties for timber construction.

Trump & Trade: Impacts On The Hardwood Industry - Dana Lee Cole, Executive Director of the Hardwood Federation, will discuss the new administration and international trade issues. She will detail the new Congress and plans for the Federation in 2017.

SFI Attention On Solid Wood - Jason Metnick, Senior VP of Consumer Affairs, Sustainable Forestry Initiative, will explain SFI's acceptance in LEED building and plans to promote solid wood. SFI is encouraging AHMI to develop a group certification for members.

AHMI Research Project Update - Tom Inman will discuss the latest on the Appalachian Hardwood research with the region's top universities and the US Forest Service.

AHMI Annual Meeting & Member Anniversaries - Chairman Mike Hoover of Neff Lumber Mills will present the State of the Association and recognize anniversaries.

Producers and Distributors Divisions Meeting - Separate sessions for these two AHMI members groups to discuss issues of importance to their sector.

The Meeting offers time for networking with members and guests at receptions, sporting events and dinners. Please see the agenda for specifics and brochures on all of the unique opportunities at the Diplomat Resort. We have planned fun at Gulfstream Park for horse racing, exclusive shops and casino fun OR time at the beach!

Please make your reservations early at www.appalachianwood.org and click on Meetings or call the Diplomat at (954) 602-6000 and ask for the Appalachian Hardwood block. Make your airline reservations today for the best choices to Fort Lauderdale or Miami airports. Car service / taxi from the airports may be best for ground trans-

December 2016 - Appalachian Sustainable - 3 2017 Annual Meeting Agenda

Wednesday, March 1

6 p.m. Early Bird Reception at North Palm Court

Thursday, March 2

Informal golf and fishing available. Call AHMI

3 p.m. Board of Trustees Meeting

5 p.m. Registration Opens

6 p.m. Welcome Reception at South Palm Court

Friday, March 3

7:30 a.m. Fellowship of Christian Lumbermen

8:30 a.m. General Session
Business Presentations

9:30 a.m. Ladies Breakfast

12 p.m. Fishing Tournament

12 p.m. Golf Tournament at Diplomat Golf Club

6 p.m. Reception at Landings

Saturday, March 4

8 a.m. Producers Meeting (*Producers only*)

8 a.m. Distributors Meeting

9 a.m. General Session

Annual Meeting & Member Anniversaries
Chairman's Report, Business Presentations

12 p.m. Golf at Diplomat Golf Club

12:30 p.m. Shuttle to Gulfstream Park
returns at 5 p.m.

12:30 p.m. Beach Fun at the Diplomat

6 p.m. Reception at South Palm Court

Sunday, March 5

No formal business

Enjoy Florida and have a safe trip home

portation because you will not need a car during the meeting.

The AHMI registration form is included or you may register online. Register before Dec. 30 for a chance at a \$100 gift certificate to the Spa. For more information, call AHMI at (336) 885-8315 or info@appalachianwood.org. We look forward to seeing you in Hollywood, FL, in March!

Woodmark Plans \$30M Investment

WINCHESTER, VA – Kitchen and bath cabinet maker American Woodmark Corp. will invest \$30 million to build a new headquarters in Virginia, consolidating operations currently held in four locations. Completion of the project is expected to be in early 2018 and will add 55 jobs.

“By bringing our employees together at one location, we will further strengthen our connections, drive efficiency in our day-to-day interactions and enhance our ability to move our culture towards our vision,” said President/CEO Cary Dunston.

American Woodmark worked with the Virginia Economic Development Partnership and Frederick County, and Gov. Terry McAuliffe approved a \$550,000 grant from the Commonwealth’s Opportunity Fund to assist the county with the project.

A \$350,000 local economic development grant was also approved by Frederick County. Funding and services to support the company’s employee training activities will be provided through the Virginia Jobs Investment Program.

American Woodmark markets its cabinetry under the American Woodmark, Shenandoah, Timberlake and Waypoint brands. It currently has nine manufacturing facilities and seven service centers located nationwide. Used in new home construction and remodeling, the kitchen cabinets and bathroom vanities are sold on a national basis directly to home centers, major builders and through a network of independent distributors.

Net sales for the first six months of the current fiscal year were \$522.2 million. Net sales for the fiscal year were \$947.0 million.

Join Us On Twitter, Facebook

Appalachian Hardwood Manufacturers, Inc. invites you to follow us on Facebook and Twitter.

Our Facebook page is **Appalachian Hardwood** at <https://www.facebook.com/Appalachian-Hardwood-115082515210245/>

Our Twitter account is **Appalachian Hardwood** at <https://twitter.com/AppalachianHdwd>

Federal Judge Blocks Overtime Rules

A federal judge in late November blocked an Obama administration rule to extend mandatory overtime pay to more than 4 million salaried workers from taking effect.

U.S. District Judge Amos Mazzant, in Sherman, Texas, agreed with 21 states and a coalition of business groups, including the U.S. Chamber of Commerce, that the rule is unlawful and granted their motion for a nationwide injunction.

The rule, issued by the Labor Department, was to take effect Dec. 1 and would have doubled to \$47,500 the maximum salary a worker can earn and still be eligible for mandatory overtime pay. The new threshold would have been the first significant change in four decades.

The states and business groups claimed in lawsuits filed in September that the drastic increase in the salary threshold was arbitrary. Mazzant ruled that the federal law governing overtime does not allow the Labor Department to decide which workers are eligible based on salary levels alone.

The Fair Labor Standards Act says that employees can be exempt from overtime if they perform executive, administrative or professional duties, but the Labor Dept. rule “creates essentially a de facto salary-only test,” Mazzant wrote in the 20-page ruling.

The Labor Department said it strongly disagrees with the decision.

Armstrong Says Sales Down

Armstrong Flooring's wood flooring segment reported third quarter net sales of \$123.2, a 5.5 percent drop compared with the \$130.5 million in sales in the third quarter of 2015.

The company made \$8.3 million in the third quarter of 2016, a 6.5 percent decrease compared with the \$8.9 million made during the same period in 2015, according to the company’s SEC filing.

No Challenges To EPA Stormwater Ruling Ahead Of Deadline

The deadline has passed for challenges to the determination by the U.S. Environmental Protection Agency (EPA) against further regulation of forest roads under the Clean Water Act (CWA).

“Forest owners are pleased EPA exercised its broad discretion under the CWA by keeping management of water quality programs at the local level through state Best Management Practices (BMPs),” said Dave Tenny, NAFO President and CEO. “BMPs are a proven tool for protecting the quality of our nation’s rivers and streams while taking into account the diversity of forest landscapes.”

Timber harvesting will not require additional stormwater regulation. In 2014, Congress included in the final Farm Bill a provision that forest roads and forest management continue to be regulated through state BMPs under the CWA. The action ended litigation that began in an Oregon district court in 2006.

Congress did not address EPA’s authority to adopt a regulatory program for stormwater discharges but saw no need for regulatory action.

Kiln Drying Workshop In NY

Registration is open now for the 2017 Kiln Drying Workshop sponsored by the State University of New York College of Environmental Science and Forestry in cooperation with the New England Kiln Drying Association.

The workshop is Jan. 9-12, 2017 at SUNY-ESF. Participants who register by Dec. 19 will receive a reduced workshop fee.

This workshop provides practical knowledge about how to effectively kiln dry wood, and focuses on wood properties and drying processes. The instruction and topics are of interest and value to novice and experienced kiln operators as well as yard, sales, purchasing, marketing, and manufacturing managers.

Visit www.esf.edu/outreach/kiln to register. Special hotel rates have been secured for those participants who book their room promptly.

December 2016 - Appalachian Sustainable - 5 AHMI Promotion & Trade Show Activities

Appalachian Hardwood Manufacturers, Inc. will attend / display at the following meetings and other events to promote member companies:

- Jan. 10: **Appalachian Lumbermen's Club**, Hickory, NC
- Feb. 7-9: **IHLA Annual Convention**, Indianapolis, IN
- Feb. 15-17: **Hardwood Federation**, Washington, DC
- March 2-5: **AHMI Annual Meeting**, The Diplomat, Hollywood, FL
- March 8-10: **NWPCA Annual Conference**, Tucson, AZ
- March 14: **Appalachian Lumbermen's Club**, Greensboro, NC
- March 22-24: **HMA National Conference**, Charleston, SC
- March 28-31: **Interzum Guangzhou**, Guangzhou, China
- April 11-14: **NWFA Flooring Expo**, Phoenix, AZ
- April 21-22: **Loggers Plus Expo**, Bloomsburg, PA
- April 22-26: **High Point Furniture Market**, High Point, NC
- May 4-7: **Appalachian Lumbermen's Club**, Myrtle Beach, SC
- June 7-9: **Furniture Expo**, Atlanta, GA
- June 9-10: **PFFPA Timber Show**, Rock Springs, PA
- June 22-24: **AHEC China Convention**, Qingdao, China
- July 22-25: **AHMI Summer Conference**, Biltmore Inn, Asheville, NC
- Sept. 12-14: **AHMI & Hardwood Federation Fly-In**, Washington, DC
- Sept. 19-21: **WPMA Annual Meeting & Tours**, Providence, RI
- Sept. 27-29: **SFI Annual Conference**, Ottawa, Canada
- Oct. 14-18: **High Point Furniture Market**, High Point, NC
- Oct. 25-27: **NHLA Convention**, Nashville, TN

US Plywood Firms Seek Government Anti-Dumping Help

The Coalition for Fair Trade of Hardwood Plywood filed a petition with the U.S. Department of Commerce and the U.S. International Trade Commission asserting that imports of hardwood plywood products from China are being sold into the U.S. at dumped prices, below cost, to gain an unfair competitive advantage.

In violation of international trade rules, Chinese producers of hardwood plywood receive illegal government subsidies, such as tax breaks and discounted land and raw materials, the Coalition asserts. Illegal Chinese subsidies have enabled China to dump products into the U.S. market at prices well below fair market value.

The Coalition maintains that these tactics have enabled China to capture an ever-growing share of the U.S. hardwood plywood market.

The import data shows that Chinese imports have taken market share directly from the U.S. hardwood plywood industry. Thousands of jobs have been lost, particularly in rural parts of Oregon, Washington, Michigan, Wisconsin, and Vermont.

"It's pretty clear that we're kind of in a death spiral right now," said Hardwood Plywood Veneer Association President Kip Howlett in their latest newsletter.

Labor Drives Housing Costs

An ongoing construction labor shortage is affecting the speed and cost of renovation projects in the U.S., according to Houzz Renovation Barometer. The index tracks sector optimism among architects, designers, general contractors and remodelers, design-build firms, building and renovation specialty firms, and landscape firms.

Half of building professionals reported that labor shortages are driving up the price of hiring subcontractors, while about one-third of firms reported an increase in the compensation of their own employees.

USFS Timber Sales Volume Up Slightly

The U.S. Forest Service released its Fiscal Year 2016 Timber Sales reports and it shows 2.942 Billion Board Feet (BBF) was sold, up very slightly from 2.900 BBF sold in FY2015.

This continues the very gradual upward trend in the program since FY2013. These numbers are disappointing in light of the steady funding increases provided by Congress, which have added over \$83 million since 2013. In FY16, the Forest Service sale program received an additional \$68.4 million over FY 15, of which \$22.3 million was retained and \$46.1 million was distributed to the field.

The sale level fell short of the 3.2 BBF target set by Congress, and well short of the over 6 BBF ASQ in current forest plans. Of the total program, 508 MBF, (18 percent) was pulpwood, 1.824 BBF (65 percent) was sawtimber, while 291 MBF (10 percent) was firewood.

Overall, firewood, biomass, and "other convertible" materials made up 19 percent of the program. Streamlined Farm Bill authorities played a role in getting the cut out this year, with 23 Million Board Feet sold using Good Neighbor Authority.

Final Hanjin Shipping Containers Released

Three months after Hanjin Shipping filed for court receivership the last of the containers stranded on board its stricken box vessels have been discharged.

According to Alphaliner, the final load was discharged from the 5,744-container Hanjin Vienna over recently in Vancouver, where the ship has been under arrest since Sept. 1 due to outstanding fees at the Canadian port. Export containers bound for Asia were loaded onto Hanjin Seattle before it heads to North Asia to deliver its final load, said Alphaliner.

The analyst's latest survey of Hanjin vessels shows that only 10 ships are under the company's control. Two Hanjin ships remain active.

2016 Election: Where HF Goes From Here?

By Dana Lee Cole, HF Executive Director

After a long election night full of unexpected results and upsets, we are all looking towards a new Washington, DC in 2017. Regardless of how your candidate fared, we as a country will go on.

The most important message to take from the 2017 election is that a significant portion of the nation is looking for change, and they are looking for transformation through non-traditional means. We as an industry, and as a country, must look for ways to be positive forces that will enact the change so many want to see. The Hardwood Federation intends to be one of those positive forces.

Elections are an important reminder of why organizations like the Hardwood Federation exist. Although elected officials, administrations and political appointees may come and go, it is vital to have consistent representation in Washington. We remain dedicated to pushing federal policies that sustain and grow the U.S. Hardwood industry.

On Nov. 8, the Republican Party shocked all by taking the White House and maintaining control of the House and Senate. The presidential election turned on the block of states that have consistently voted for Democrats in the last several presidential elections, the so called "Blue Wall" of Midwest states. Pennsylvania, Michigan, Wisconsin, Ohio, Florida and North Carolina provided the pathway for Trump.

Republicans in the Senate also pulled off an upset. Pre-election polling suggested that Democrats were poised to pick-up 4-6 Senate seats and reclaim control but that did not occur. Democrats netted two seats and the Senate will be 52-48.

Democrats did pick up 6 seats in the House, but again, polling suggested that the party would secure double digit gains in the lower chamber. Republicans now have a 241-194 hold on the House.

The new year will kick off with a new Congress and a new President of the same party. Keep in mind is that, while Republicans control the Senate, the party's margin remains slim.

Lame Duck and 2017

Members of Congress returned after the election to finish out the 114th Congress. Enacting a measure to fund the government into 2017 will be a key focus. It was expected that an omnibus bill would wrap up 2016 legislative business, but there has been a dramatic change in legislative strategy. During a meeting with Senate Majority Leader Mitch McConnell (R-KY), HF was briefed that the Congress will pass a continuing budget resolution

through March 2017.

We remain hopeful that an Energy Bill will be taken up before the end of the year, but if that does not materialize, we anticipate that significant portions will be back in 2017. Biomass, forest management reform and fire funding are all included in the Energy Bill, so we will keep watch on the status of these issues and where they are headed in January.

The Majority Leader's staff is also anticipating that tax reform and repeal or amendments to the Affordable Care Act will happen in the first six months of 2017 using the budget reconciliation process, meaning that only 50 votes in the Senate will be needed for passage. These are top 2017 priorities for Republican leadership as articulated by the Leader's office.

Exactly what policy priorities a Trump Administration will pursue will depend on who is appointed to head up federal departments and agencies, and who Trump surrounds himself with inside the White House.

Exit polls consistently indicate that the economy was the driving force for voters. If the new administration listens, expect tax and regulatory reform in 2017, as well as trade and immigration, which Mr. Trump ran on during his candidacy. The bottom line is a big unknown and again will most likely depend on appointed Cabinet members and Administration officials. Our task will be to identify issues that benefit the Hardwood industry early and communicate the issues often to incoming policy makers.

It looks like March 2017 could be very busy for the U.S. Congress, the Administration and the Hardwood Federation.

HFPAC-How Did Our Candidates Do?

Almost all of those supported by HFPAC were successful in their bids for office in the general election. We are proud of our record of supporting those that support the Hardwood industry. We are also pleased that so many of our advocates will be returning to Washington in 2017. However, we must continue to communicate and educate them to ensure future support...and we must work hard with new members to develop the same positive relationships we enjoy with current members on both sides of the aisle.

Thank you for your interest in and support of the Hardwood Federation in 2016. While there is still much to do in 2016, we look forward to 2017 with all its challenges and opportunities to make a difference for the Hardwood industry in the United States.

APPALACHIAN Hardwood Manufacturers, Inc.



2017 Annual Meeting on March 1-5 The Diplomat Resort & Spa, Hollywood, FL

To reserve your room, call the Diplomat Resort at (954) 602-6000

The block cutoff is Jan. 31 and rooms start at \$290. Rate is honored 2 days before & after!

Online Hotel and Meeting registration available at www.appalachianwood.org/meetings.htm

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

Registration before Feb. 15, 2017:

AHMI MEMBER - \$395 per person

GUEST - \$495 per person

MEMBER SPOUSE - \$270

GUEST SPOUSE - \$370

CHILDREN AGE 10 & older - \$195, UNDER 10 - FREE

Add \$75 to any registration fee after Feb. 15, 2017

Registration fee includes all evening receptions, business sessions and speakers, afternoon at the beach, and entertainment.

Full registration fee refunded on cancellations received by Feb. 15, 2017. Cancellations received after that time will be subject to 50% forfeiture.

REGISTER for AHMI'S 2017 ANNUAL MEETING

Name: _____

FEE: \$ _____

Name: _____

FEE: \$ _____

Company: _____

Address: _____

City/State/Zip: _____

Optional Events I / We will attend

(included in registration fee)

Early Bird reception Wed., March 1

Ladies Breakfast Friday, March 3

Beach Fun & Drinks, Saturday, March 4

Golf Tournaments 12:30 p.m., includes Friday lunch & shuttle, range balls

Name: _____ FEE: \$ _____

Please check: Friday at \$170 Saturday at \$150

Name: _____ FEE: \$ _____

Please check: Friday at \$170 Saturday at \$150

Fishing Tournament Friday at 12 p.m. (Shuttle departs from hotel for 4-hour fishing trip, includes boxed lunch, tackle, bait, license, gratuity) \$160 for each of six slots on multiple chartered boats

Name: _____ FEE: \$160

Name: _____ FEE: \$160

Gulfstream Park Shuttle Saturday 12-5:30 p.m. (Shuttle departs on the hour from hotel to horse races, casinos, & shopping. Returns on the half hour)

Number of bus seats reserved _____ @ \$25 each FEE: _____

Check # _____ Received _____

Credit Card

Number _____ Exp. _____ Code _____ Billing Zip _____

TOTAL \$ _____