



Appalachian Sustainable



Survey: Production Averages 8.9 MMBF

An executive summary of the results of the 2010 Appalachian Hardwood Manufacturers, Inc. Production Survey was presented at the 2010 Appalachian Hardwood Manufacturers, Inc. Fall Meeting and Tour.

Keynote speaker Curt Hassler of BalkenTier in Morgantown, WV, serves as a contractor for the Appalachian Hardwood Center at West Virginia University. He and AHC staff completed the survey earlier this year and he reported the results.

Hassler said AHMI member mills who completed the survey reported an average of 2,077 production hours each week in 2009. The mills produced an average of 8.9 million board feet of green lumber for the year.

"More than half of AHMI sawmill members completed the survey and to determine how their costs compare to other mills in the region," said Tom Inman, AHMI president. "AHMI provided this as a member service and each company who participated received an individual report with their data and averages for the Northern and Southern Appalachian regions."

The results will provide participants with their data compared to Northern Appalachian mill averages, Southern Appalachian mill averages and the overall average from respondents. It breaks down the cost of logs sawn, labor, electricity and other utilities, trucking, repair and maintenance, administration, miscellaneous and debt service.

The Executive Summary will be mailed to all Producer members.

Pallets, Tax Changes, Hardwood Checkoff Highlight Convention

The 2011 Appalachian Hardwood Manufacturers, Inc. Annual Meeting is set for March 3-6 at the Ponte Vedra Inn and Club in Ponte Vedra, FL.

The business sessions will focus on three major issues for most AHMI members in 2011:



Ponte Vedra Inn & Club

tax implications; markets for pallet and low grade materials, and a hardwood checkoff program. The meeting will also provide ample networking and informal dialogue.

The agenda kicks off with certified public accountant Scott Biesecker detailing the tax changes in store for businesses in 2011. Turlington & Comany which began in 1948 and is located in North Carolina with clients across the Southeast.

A report on The Pallet Industry in 2011 will be presented by Bill MacCauley, president of John Rock Inc., a leading pallet manufacturer in Pennsylvania. Pallets continue to be a major market for hardwoods and he will offer a perspective on his company and the industry.

The second day begins with Producer and Distributor Division meetings. The Producers will discuss the 2010 Appalachian Production Cost Survey with the administrator of the
(See Ponte Vedra on page 3)

Monthly newsletter of Appalachian Hardwood Manufacturers, Inc.
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e mail: info@appalachianwood.org
web: www.appalachianwood.org



Meetings

- 2011 Annual Meeting - March 3-6**
Ponte Vedra Inn & Club, Ponte Vedra, FL
- 2011 Summer Conference - July 23-26**
The Nemaquin, Farmington, PA
- 2012 Annual Meeting - Feb. 29-March 4**
The Marco Island Marriott, Marco Island, FL

The way I see it...

By Tom Inman, AHMI President

...the marketing of American Hardwoods will enter a new realm in 2011.

Marketing and promotion are the cornerstones of Appalachian Hardwood Manufacturers, Inc. For 83 years, the association has made certain hardwood consumers understand the unique species and characteristics of hardwood lumber from the Appalachian region and where to buy it.

We have been extremely successful with species promotions for Poplar and Oak and overall campaigns for our main and secondary species. The Appalachian Hardwood Verified Sustainable effort continues to pay dividends with members reporting wide acceptance of the great things happening in our forests.

We will continue that effort in 2011 with expansion of the program to include specifics on origin and documentation to assist with meeting guidelines for international forest certification schemes.

And AHMI is assisting the United Hardwood Promotion effort with members on the committee and input on the branding of American Hardwoods. The committee chairman Terry Brennan spoke at the AHMI 2010 Annual Meeting to educate members about the plans and AHMI trustees approved \$5,000 to the effort earlier this year.

The branding process is going well and you will see new materials in coming weeks.

There is another committee of industry leaders working on an American Hardwood Checkoff to fund new promotions. AHMI members are also serving on this committee and we will receive details about it from former AHMI Chairman John Crites and others at the 2011 Annual Meeting of the association. This committee is developing a checkoff strategy to fund new promotions.

My goal is for every member to be informed about both of these efforts as well as the work of the association. During the difficult economic times, we have to work in all areas to maintain our markets and battle competing products.

Please plan to attend the Annual Meeting March 3-6 to learn more and give input. Together we can develop programs to promote, market and most importantly sell our products to the world.



HIGH POINT - Appalachian Hardwood Manufacturers, Inc. welcomes the following new members to the association:

Distributor

TLT Lumber Co.
Mike Giuliani
644 Greenville Ave., Ste. 260
Staunton, VA 24401

Supplier

Kop-Coat Inc.
Ben Floyd
205 Firefly Lane
Boone, NC 28607

New members are the lifeblood of any association and AHMI has 13 for 2010. Please call the AHMI office at (336) 885-8315 with suggestions of customers and competitors who can benefit from participation. AHMI has a membership packet that can be mailed or emailed to prospective members and will followup promptly.

AHMI Mourns Bill Hanks

AHMI is sad to report that Bill Hanks, age 77 of Galax, VA passed away Nov. 20, 2010 at the home of his daughter in Winchester, VA. He was the owner of Bill Hanks Lumber Co. in Danbury, NC, an AHMI member.

Mr. Hanks was born on April 26, 1933 in Galax, VA, to D. Frank and Elva Combs Hanks. In addition to his parents, he was preceded in death by his wife, Ann A. Hanks; brother, Edward Hanks; and sister, Faye Vass.

He is survived by daughters and sons-in-law, Janet and Roger Callis, Winchester, VA, Frances & Michael Petty, Knoxville, TN, son and daughter-in-law, Jeffrey & Susan Hanks, Oak Ridge, NC; grandchildren and spouses.

Memorials may be directed to St. Jude Children's Research Hospital, 262 Danny Thomas Place, Memphis, TN 38105

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project. The Distributors and other meeting attendees will learn about European markets for Appalachian hardwoods from William Crowley of Crowley Hardwoods in Ireland. The company is an AHMI member and importer of Appalachian species to western Europe.

All meeting attendees will converge at 9:45 a.m. for a conference on the Hardwood Checkoff. A committee of industry leaders is working to develop a funding strategy for hardwood promotion.

Presentations will come from committee member and former AHMI Chairman John Crites of Allegheny Wood Products; Sonia Jimenez from the U.S. Department of Agriculture's Marketing Division; and Carlton Owen of the U.S. Endowment for Forestry and Communities. The USDA is responsible for collecting the funds and overseeing the program. The USEFC will assist in developing the funding strategy and is currently working with the softwood industry.

"The Hardwood Checkoff is gaining momentum as people learn more about it," said AHMI President Tom Inman. "We want AHMI members to hear firsthand from the leaders involved and be able to have answers to questions."

The checkoff committee should have the concept complete by the March meeting, Crites said. A vote on the proposal and specifics on the funding formula may be months away.

The Ponte Vedra Inn and Club is located just south of Jacksonville, FL, and AHMI was last there in 2009. The property has deluxe ocean front and golf course view accommodations that are first-class.

Ponte Vedra is just minutes away from Jacksonville Airport. Roundtrip flights from Ohio, Pennsylvania and New York start at \$200 while driving from the mid-Appalachian area is less than eight hours.

Add to this networking with industry leaders for three days; receptions to catch up with old friends and make new acquaintances; and golf, sporting clays, and fine dining.

Registration materials have been mailed to members and guests to make reservations and travel plans. Visit our website at www.appalachianwood.org/meetings.htm.

2011 Annual Meeting Agenda

Wednesday, March 2

6 p.m. Early Bird Reception *President's Suite
Dinner on your own*

Thursday, March 3

8 a.m. Off Shore Fishing Charter *(optional)*

4 p.m. AHMI Board Meeting *Sand Dollar Room*

4-6 p.m. Registration *West Lobby
(meeting materials on site)*

6 -7 p.m. Welcoming Social *Terrace Patio
Hardwood Federation Shoot For The Pin Contest
Dinner on your own*

Friday, March 4

9 a.m. General Session *Terrace A & B
Business Tax Issues in 2011 - Scott Biesecker,
Turlington & Company, Lexington, NC
Annual Meeting - Chairman's Report, Member
Anniversaries - Mike Parton
Pallet Industry in 2011 - Bill MacCauley, president of
John Rock Inc.*

*The New Congress - Deb Hawkinson, Hardwood
Federation*

Lunch on your own

12:30 p.m. Golf Tournament *Ocean Course*

1 p.m. Sporting Clays *WW Sporting Clays*

6 -7 p.m. LUA Reception *Surf Club Patio
Dinner on your own*

Saturday, March 5

8 a.m. Producers Meeting *Terrace B
AHMI Production Cost Survey - Curt Hassler,
BalkenTier*

8 a.m. Distributors Meeting *Terrace A
European Markets for American Hardwoods -
William Crowley, Crowley Hardwoods, Ireland*

9:45 a.m. General Session *Terrace A
Hardwood Checkoff Funding - John Crites, AWP
and member of Funding Committee; Sonia
Jimenez, USDA Agricultural Marketing; and
Carlton Owen, US Endowment for Forests
Lunch on your own*

12:30 p.m. Golf Tournament *Lagoon Course
Two-Person Event*

6 - 7 p.m. Reception *Ballroom Patio
Dinner on your own*

**Sunday, March 6 - NO FORMAL BUSINESS
HAVE A SAFE TRIP HOME**

Unified Promotion Gains Support For Brand

The Unified Hardwood Promotion gained support from over 100 flooring industry leaders as Hardwood branding begins to take shape.

Declaring an immediate and unprecedented need for a grand scale effort never attempted in the hardwood industry, flooring companies joined hardwood lumber leaders in adding their voices to an "Open Declaration" letter calling for the industry to come together to aggressively promote American hardwood products. Meanwhile, the Unified Promotion Project remained on schedule to do just that.

The Declaration letter and its continued stream of supporters has been a drumbeat keeping the Unified Hardwood Promotion Project energized and on target to meet an ambitious timetable of consumer/buyer research, on-line focus groups, and ultimately a "Got Milk" style brand and tag line.

According to Terry Brennan of Baillie Lumber and chairman of the Unified Hardwood Promotion Project, "the broad support from so many companies and individuals in the industry has served as a constant reminder that the work we have undertaken is right on point. This process has required countless hours of many industry leaders and we are now in sight of accomplishing our goal."

So what is it about the work of designing a hardwood brand and catch phrase that requires such time and effort? For one thing, the industry agreed from the outset to avoid past tendencies to "talk only to each other", and instead to reach out first through professional research and study to the consuming public and professional customers. That study led to a clearer vision of hardwood buyers and their priorities. Boiled down, the key messages which will drive the branding design:

From Building Professionals: Only genuine American hardwood offers homeowners the exclusive combination of uncompromising quality, enduring beauty and rich tradition.

From Consumers: Adding genuine American Hardwood will increase the value of my home and give me a greater sense of pride.

By year's end the Unified Hardwood Promotion Project will have those sentiments rolled into one picture and a few words - all befitting this grand scale effort.

For more information on the Unified Hardwood Promotion project, or to add your company name in support, please contact Grace Terpstra (gt@terpstraassociates.com).

AHMI Verified Sustainable Materials Available

AHMI members are reminded that 2010 Appalachian Hardwood Verified Sustainable materials are available from the AHMI office.

These include certificates, letters from AHMI and from the U.S. Forest Service explaining the program and decals for use on packaging or invoices.

These materials can be delivered to your company within a few days of placing your order. Please contact the AHMI office at (336) 885-8315.



AHMI's 2011 Membership Renewals, Resource Guide

HIGH POINT - Appalachian Hardwood Manufacturers, Inc. mailed its 2011 membership renewal information on Dec. 1. For the 19th consecutive year, AHMI dues have remained at the same level for all divisions.

Membership in the association assures the promotion of Appalachian hardwood lumber and products will continue around the world. AHMI signed up 12 new members in 2010.

The association also mailed information for the 2011 Appalachian Hardwood Resource Guide. The directory is published annually and distributed to thousands of lumber buyers around the world. It lists each member of the association and details about the company and its offerings

Please return information by Jan. 31.

EPA Seeks To Delay New BoilerMACT Rules

WASHINGTON — The U.S. Environmental Protection Agency is seeking an extension on issuing final rules for BoilerMACT, parts of which could have costly implications for the U.S. forest products industry.

A new proposed rule was issued earlier this year for Boiler's Maximum Achievable Control Technology. The proposed boiler rule lumped dry wood fuel into a larger biomass category that includes less clean fuels and could cost the forest products industry \$6 or \$7 billion over the next 2-4 years and result in thousands of job losses.

The EPA said in a press release that it received comments that "shed new light on a number of key areas, including the scope and coverage of the rules and the way to categorize the various boiler-types."

Without the extension, the EPA is on a court-ordered timeline to issue final rules by Jan. 16. The extension would allow another 15 months for the EPA to release rules.

It would push back the final release of the rule to April 2012 and would allow another public comment period. "After reviewing the data and the more than 4,800 public comments, the agency believes it is appropriate to issue a revised proposal that reflects the new data and allows for additional public comment," the agency said.

A spokesperson for the EPA said it's too early to determine what might be in the final rule, but areas of concern also include defining sub categorizations of commercial and industrial solid waste incinerator units that burn biomass.

Under the current proposed rule, biomass boilers previously considered multi-fuel boilers would instead be classified as incinerators and be subject to new emission limits for five pollutants: mercury, hydrogen chloride, particulate matter, carbon monoxide and dioxin. The proposed rule would devastate the biomass power industry, requiring expensive retrofits at virtually 100 percent of existing facilities.

The Hardwood Federation has been leading the campaign to fight the new regulations. At the fall fly-in, dozens of HF members visited with Con-



gressional leaders to garner support for suspending the rules.

A letter writing campaign began in October to send input directly to the EPA. More than 40 U.S. Senators and Representatives and hundreds of industry leaders sent letters on behalf of the forest products industry to the EPA opposing the changes.

The following are a number of important alerts from Washington DC regarding the hardwood industry.

Hardwood Federation Tax Issue Success – More Help Needed

Hardwood Federation priority tax issues are key components of the tax deal struck this week between President Obama and Congressional leaders. In keeping with the HF position, under this agreement no tax increases will take place for at least three years.

HF members are urged to contact Members of Congress to urge passage of this important agreement which includes:

- Extension of all individual income tax rates which were set to expire at the end of 2010. Top rates on capital gains and qualified dividends would remain at 15%. HF had urged Congress to take these actions, in recognitions of the fact that most hardwood businesses are small family owned operations and are particularly affected by individual tax rates.

- Estate tax rates set for two years at 35% with an exemption of \$5 million for individuals and \$10 million for couples. Without this change the estate tax was scheduled to revert back to 50% with a \$1 million exemption. HF supports a total repeal of the estate tax but supported compromise

(see Hardwood Federation on page 6)

AHMI Members Tour Vaughan-Bassett Furniture

The 2010 Appalachian Hardwood Manufacturers, Inc. fall tour was held in November at Vaughan-Bassett Furniture in Galax, Va.

The company employs more than 700 people and is the largest U.S. producer of cased goods. Tour participants viewed the state-of-the-art rough mill and production of Vaughan-Bassett's new line of Appalachian Hardwood furniture produced in Oak and Cherry.

Vaughan-Bassett Furniture Vice President Doug Bassett said the company had more than \$80 million in sales in 2009. The company expects greater results in 2010 with the new solid wood offerings.

The rough mill was completed in 2010 with scanning systems and tailored software to fit the hardwood species mix at the plant. Bassett said



Vaughan-Bassett Furniture's Doug Bassett discusses operations at the Galax, VA plant

yield improvements and savings have already been discovered in the first few months.

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versus return to the former punitive rates.

- Full expensing for all capital equipment for one year (2011). HF supports this provision as an incentive to manufacturers.
- Cut in payroll taxes paid by employees by 2 percentage point and two-year extension of research and development tax credit. HF supports.

The White House/Congressional leadership tax compromise faces serious opposition from both Republican and Democratic members of Congress.

Please contact your US Senators and Member of the US House of Representative to urge support for final passage. Please find a letter you can send to your Congressmen and Senators at www.hardwoodfederation.com

II. Hardwood Federation Committee Victory

Hardwood district win in House Committee race. Republicans have named Rep. Hal Rogers (R-KY) as Chairman of the House Appropriations Committee. Rep. Rogers represents the 5th district of Kentucky which has 292 HF members.

HFPAC Election Analysis

2010 was a positive year for the HFPAC. The

PAC had 160 participants, the highest participation level in the history of the Federation. We raised \$264,000 - the second highest total ever.

Thank you to all of our HFPAC supporters. Because of you, HFPAC was able to contribute to 95 contests during this cycle - 80 House races and 15 Senate races. Of the 95 races, 77% of HFPAC supported candidates will be in the 112th Congress.

The PAC helps our industry speak with a united voice to both sitting Members of Congress and new members. HFPAC needs your help to keep the momentum growing for HFPAC.

If you are not a member of HFPAC, please contact the HF to learn more about its efforts in Washington or visit www.hardwoodfederation.com.



Need Green Certificates?

2011 Appalachian Hardwood Verified Sustainable certificates are available from the AHMI office. Order your current supply today at (336) 885-8315

Century Furniture Achieves AHFA Sustainability

Reprinted from Furniture Today

HIGH POINT, NC — Century Furniture has been awarded Sustainable by Design registration by the American Home Furnishings Alliance for its environmental stewardship efforts.

EFEC, or Enhancing Furniture's Environmental Culture, is an AHFA environmental management program that requires an environmental impact analysis of facilities.

To gain the SBD registration, Century had to complete the EFEC program, whose goals include improved recycling, efficient use of raw material, water and energy, and waste reduction.

Century set goals in areas including supply chain management, use of eco-friendly materials and global climate impact. It also set social responsibility goals, which included policies defining its commitment to workers' rights and community relations in all parts of the world where it

does business.

"We have long been attentive to our impact on our local community. In recent years our attentions have become global, reflecting the international character of our customer and supplier bases," said Eric Schenk, president and CEO, in a press release.

Annual audits will be performed in order to maintain the registration.

The company said it believes its largest impact is in its purchase of the woods that go into products. It asks its suppliers to certify purchases to prove the legality of harvest, going beyond what the law requires in certifying wood.

The EFEC program recognizes Appalachian Hardwood Verified Sustainable.

According to the AHFA, EFEC was implemented at 26 furniture manufacturing locations in 2009 and at seven more so far this year.

USGBC Members Reject Other Certifications

WASHINGTON, DC -- U.S. Green Building Council members voted down a proposal for LEED wood credits to include multiple forest certification schemes.

Currently LEED, a green building construction and interior build-out certification standard, only accepts Forest Stewardship Council's FSC-certified woods for Certified Wood credits.

"U.S. Green Building Council's recent member ballot on The Forest Certification Benchmark, which would have provided a guidance path for any wood certification program that wanted to be recognized in the LEED green building rating systems . . . did not pass the USGBC member ballot," said Taryn Holowka, director of marketing and communications for the USGBC. "As a result, the LEED rating systems will retain the status quo of the existing Certified Wood credits in LEED."

Holowka said the decision was reached by USGBC's membership using a consensus process, and that future discussion of this issue will now be carried out in a public comment process for the next development cycle of LEED.

The Sustainable Forestry Initiative, another

major wood certification program, decried FSC's hold on the USGBC LEED program. "It's time for the USGBC to heed the advice of more than 6,000 people globally who are asking the USGBC to recognize all forest certification programs," said Kathy Abusow, SFI president. Now, as USGBC re-opens the wood certification discussion, SFI welcomed the opportunity for reconsideration as part of the LEED points program.

"The conclusion of the benchmark process marks a new opportunity to work with the USGBC and other interests to find an alternative and workable solution moving forward," said Abusow. "We hope for a swift end to this issue so we can support one another in promoting green building and recognizing the value of wood and all credible forest certification standards."

USGBC and LEED, and its founders, were also named as defendants in a \$100 million class action lawsuit filed in October U.S. District Court in New York on charges of "fraudulently misleading the consumer," misrepresenting the energy performances in LEED-certified buildings and false advertising.



Appalachian Hardwood Manufacturers, Inc.

2011 Annual Meeting March 3-6

Ponte Vedra Inn & Club, Ponte Vedra, FL



To reserve your room at Ponte Vedra Inn & Club, call 1-800-234-7842

Deluxe Oceanfront Guest Rooms are \$290 and AHMI's block cutoff is Feb. 4, 2011

To plan functions and include all participants on the Registration List, please complete this form and return with your check to: AHMI, P.O. Box 427, High Point, NC 27261 or register online at www.appalachianwood.org/meetings.htm

Please Note: You will receive your meeting packets on site at the meeting

Full registration fee refunded on cancellations received by Feb. 4, 2011. Cancellations received after that time will be subject to 50% forfeiture.

Registration before Feb. 4, 2011:

AHMI MEMBER - \$320 per person

GUEST - \$400 per person

MEMBER SPOUSE - \$220

GUEST SPOUSE - \$250

Add \$50 to any registration fee after Feb. 4, 2011

PLEASE REGISTER THE FOLLOWING FOR AHMI'S 2011 ANNUAL MEETING

Name: _____ Badge Name: _____ FEE: \$ _____

Name: _____ Badge Name: _____ FEE: \$ _____

Company: _____

Address: _____

City/State/Zip: _____

GOLF (Medal Play Friday 12:30 Ocean Course; Two-Man Scramble Saturday 12:30 Lagoon Course)

Name: _____ Hdcp _____ FEE: _____

Please check: Friday (\$190) Saturday (\$160)

SPORTING CLAYS (Friday 1 p.m.) (100-shots, ammunition, and gun rental included)

Name: _____ FEE: \$90

Name: _____ FEE: \$90

NEW - CHARTER FISHING (Thursday 8 a.m.-1 p.m.) *Minimum of six people (Leaves St. Augustine for 15 miles offshore; all tackle, bait and license included)

Name: _____ FEE: \$120

Register by Dec. 30 for drawing on a \$100 American Express Gift Card!

Register by Jan. 21 for drawing on a Free Spa Treatment!

Register by Feb. 18 or drawing on a Free Round of Golf!

TOTAL \$ _____

Check # _____ Received _____