

Appalachian Hardwood *Sustainable & Legal*

Monthly newsletter of
Appalachian Hardwood Manufacturers, Inc.

March 2019



Planning & Economy Top Meeting Remarks

Appalachian Hardwood Manufacturers, Inc. welcomed a good crowd of members and guests to the 2019 Annual Meeting recently in Fort Lauderdale, FL.

The association unveiled a new member program that saves hardwood companies thousands of dollars on their existing or new retirement programs. The AHMI Board of Trustees approved the AHMI 401k Multiple Employer Plan in late 2018 in a partnership with UBS Financial.



UBS The plan allows hardwood companies to pool existing retirement accounts or start new programs for employees. UBS Financial Representative Michael Carey said MEPs offer economies of scale pricing that compress costs from service providers like the recordkeeper, third party administrator and financial consultant.

Participants will have access to low cost investments that are typically only accessible for very large corporate plans. There is also no individual company audit requirement saving staff time and creating efficiencies. Adopting employers have plan design flexibility and can retain their individual plan features such as matching formula, vesting and eligibility.

UBS is the world's largest wealth manager with approximately 7,000 financial consultants within the United States. AHMI's team, Southeast Wealth Consultants, is one of the 400 retirement plan consultants designated by UBS.

MassMutual offers approximately 10,800 investment options available on their MEP platform. AHMI members may already invest in

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Dave Jacobs, Rob Case Talk Preparation TJT Consulting Offers Succession Results

TJT Consulting was a primary sponsor of the 2019 Annual Meeting as well as a presenter. Owner David Jacobs discussed business succession planning options for hardwood companies. The firm has become hardwood specialist by guiding owners and their families through the process of preparing for and completing business transition.

TJT's Rob Case shared stories from companies who have benefitted from the programs. Jacobs said the company focuses on values based objectives from the owners. These include:

- Retire to pursue personal goals
- Family harmony and legacy
- Maintaining the business culture
- Providing for employees

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The way I see it..

By Tom Inman, AHMI President

...the 2019 Annual Meeting was a great success with presentations on matters of importance to the industry. The reports from each are included in this newsletter.

The state of business, however, for most Producers and Distributors in attendance was said to be "fair." There have been improvements in log supply and sawmills said they are receiving logs. The mills and yards said lumber inventories are building but prices for products remain low. The Chinese New Year is finished and import buyers have returned but offers are at low levels.

The March 1 deadline for agreements between the U.S. and China will likely be postponed. President Trump said last week that the U.S. will not increase tariffs as negotiations continue. It is believed that China will not increase the tariff on imported goods.

The tariffs and the overall economy continue to cause anxiety in the hardwood industry. While demand for White Oak, Walnut and some Maple products is good, Poplar remains flat and Red Oak is very slow.

The American Hardwood Export Council received added funding and plans a Red Oak promotion in Europe directly to end users. AHMI continues to promote Red Oak to domestic furniture designers. Hopefully, these have results soon as manufacturers understand the value in 2019.

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- Ability to take the business to next level
- And minimizing taxes

The TJT team develops a timeline to make certain all participants understand the goals and how each step will be accomplished. The process can take as little as three months if there is a sense of urgency.

Jacobs noted that TJT has worked with dozens of hardwood companies and is financially committed to the industry. The presentation is available on the AHMI website.

AHMI 401k *from page 1*-----

many of these options.

The program starts on March 1 and AHMI companies will receive direct contact from UBS for plan analysis. The investments options are varied and savings are averaging \$8,000 to \$14,000 depending on the current plan.

Companies who join the plan will receive visits from MassMutual staff to assist employees in understanding the plan and all options. There will be an automatic payroll deduction process or reporting to move the contributions regularly.

A multi-employer plan is typically an employee retirement plan that covers the workers of two or more unrelated companies. The plans are concentrated in certain industries, where there are many small companies with each too small to justify an individual plan.

The benefits are:

Workers: MEPs provide security for participants and beneficiaries through pooling of risk and economies of scale for employees.

Employers: Economies can be achieved through group purchasing and simplified administration. Benefit and labor costs throughout a region or even an industry may be stabilized.

This can help reduce employee turnover, because workers will not be attracted to other jobs by the promise of better benefits elsewhere. As with many benefit plans, company contributions to a multi-employer plan are generally tax deductible.

ERISA and the IRC set out rules that multi-employer plans, like single employer plans, must follow to qualify for preferential tax treatment. The rules govern fiduciary responsibility, disclosure and reporting, eligibility, vesting, benefit accrual, funding, coverage and participation, integration, and plan termination.

The presentation is available on the AHMI website. For more information, please contact the AHMI office at (336) 885-8315.

The next meeting of the association is the 2019 Summer Conference on July 28-30 at the Greenbrier in White Sulphur Springs, WV.

Labor Pool Should Include Retail, Prisoners

The Southwest Virginia Alliance for Manufacturing has workforce programs that help employers attract and retain staff in tight labor markets. Director Stephanie Surrett spoke at the 2019 Annual Meeting of AHMI.

She said manufacturers are challenged with finding competent employees who are ready and willing to work.

The Alliance has found success in helping companies lure workers from retail settings, she said. One example was a restaurant worker who served Surrett frequently and she recognized her customer service and work ethic.

Surrett connected the employee with a manufacturer who was seeking people willing to work and the connection has benefitted both.

Surrett also encouraged employers to consider applicants with a criminal background or those who may be in a prison work release program. She said these people are often overlooked and can be valuable employees who want to work.

For more information, please contact Stephanie Surrett at Email: ssurrett@svamcoe.org; Work: (276) 525.1400; Cell: (276) 623.3250 or the SWVAM, 851 French Moore Jr Blvd, Suite 110, Abingdon, VA 24210.

Golf, Fishing Tournaments

The Annual Golf Tournament was held at the Jacaranda Golf Club in Plantation, FL. The winners were: Low Gross: 1st place – Webb Heintzelman; 2nd place – Joe Pryor; Low Net: 1st place – Brian Conklin; 2nd place – Dan Mathews; Long Drive: Jack Heintzelman; Closest to the Pin: Peter McCarty

The Annual Fishing Tournament was held on the Atlantic with sportfishing from chartered boats. There were a few fish caught and a great time help by all. On Saturday, participants headed to TopGolf Miami Gardens for fun and competition.

For more information, contact AHMI at (336) 885-8315 or info@appalachianhardwood.org.



AHMI welcomes the following new member:

Consumer

Speyside Bourbon Cooperage

Michael Harold

PO Box 509

Jackson, OH 45640

Tel: 740-688-2160

mharold@speysidebci.com

www.speysidebci.com

New members are vital to the work of AHMI. If you know of companies that should join, please share that information with the AHMI office.

AHMI Mourns Larry Shoun

AHMI is sad to report the recent passing of Larry Shoun, owner of Shoun Lumber Co. in Butler, TN. Below is the notice and arrangements.

Larry Dean Shoun, 69, Butler, passed away Friday, Jan. 18, 2019 in the Sycamore Shoals Hospital. He was born July 16, 1949 in Mountain City, graduated from Hampton High School, and attended Lees-McRae College in Banner Elk.

He was owner/operator of Shoun Lumber Company in Butler. He was a member and Deacon of Cobbs Creek Baptist Church.

Survivors include his wife of 43 years: Deana Grindstaff Shoun. His Children: John Shoun & wife Amanda, Butler, Jill Shoun Hughes & husband Bryan, Johnson City, Katie Shoun Harrell & husband John, Butler and Kelly Shoun, Butler. Five Grandchildren: Conor Burleson, Carson Burleson, Chamis Harrell, Londry Hughes and Laynee Hughes. His Mother: Irene Laws Shoun, Butler. His Sister: Linda Shoun Grindstaff & husband Benny, Mountain City. Several nieces & nephews. His adopted family Hiro & Hortencia Buenfil, His brother-in-law: Jerry Grindstaff.

Memorials may be made in memory of Larry to the East Tennessee Kidney Foundation, P.O. Box 22072, Knoxville, Tenn. 37933.

Economist: Tariffs To Be Settled, 2019 Looks OK

UBS Wealth Management Chief Information Officer Jon Woloshin says that JPMorgan CEO Jamie Dimon warns that if economists are not careful, they could talk the U.S. right into a recession.

The remarks came at the 2019 Annual Meeting of Appalachian Hardwood Manufacturers. "I think it's unarguable that economic activity as measured by gross domestic product or GDP, is slow," he said. "The bottom line: is the economy slowing? The answer is yes. And we've had a very, very robust recovery, especially under President Trump."

He said the long recovery does not have to end. "We will slow, but it's slowing in China, slowing in Europe, and it's slowing here, but we're still looking good in our predictions."

"We've had a very, very long expansion starting in basically late, 2009 early 2010. GDP growth was 2.9% in 2018 and maybe 2.5% in 2019," Woloshin said. UBS leaders believe that the U.S. economy will grow whether or not the trade dispute with China continues.

"We don't believe it will but in the event that we have a trade war, then corporate growth is 4%," he said. "If we don't, we have growth at 6%. Now 6% growth anywhere else in the world is great."

The bottom line is overall, UBS does not see a

Tariff Update Feb. 24

President Trump said Feb. 24 that the U.S. would delay the planned tariff increase on the third list of products imported from China—the list that triggered the retaliatory tariffs on U.S. hardwood and hardwood products.

It is anticipated that the Chinese will also delay imposition of their retaliatory tariffs in response to the U.S. action. This follows an intensive and extended set of senior-level negotiations over the last two weeks both in Beijing and in Washington D.C.

No time period has been announced for the delay but the extension is likely short-term into March.



Jon Woloshin speaks about the US economy and China tariffs at AHMI Meeting

recession because U.S. consumers will continue to buy products.

"Never underestimate the ability of the American consumer to consume," he said. "Yes, debt levels are high, but debt service levels, i.e. interest rates are low, at a 40-year low, that's number one."

A second key issue is job markets are strong and also American household net worth is \$100 trillion, Woloshin noted. That is an increase of 50% since 2010.

He said homeowners are sitting on \$6 trillion of tappable home equity.

"I think some of the President's pro-growth agenda certainly is going to be stymied by the Congress," Woloshin said. "There's a lot any president can do with regulatory relief, the executive order. And we think the president certainly will take advantage of that. But none this we don't think will overheat the economy, which is positive.

"We have a slowing economy that is still a good economy, and good job growth," He said. "We have a president who believes in growth, and that's a good thing."

While there are challenges in the economy, Woloshin said he believes they will be sorted out.

"We're still creating jobs. We have a pro growth agenda here. And with that be careful please," he said. The remarks are available on the AHMI website.

Study Reveals \$350B Impact For Hardwoods

Hardwood Federation Executive Director Dana Cole presented the recent Hardwood Economic Impact Study at the 2019 Annual Meeting.

The study found there are 1.8 million workers in the U.S. associated with the hardwood industry. The gross domestic value of the products is approximately \$350 billion.

The study was funded by AHMI and 11 other hardwood associations. It will be used to educate legislators, policymakers and other industries of the impact of hardwoods on the economy.

The study also looks at a number of sectors within the hardwood industry, including sawmills, lumberyards, flooring companies, kitchen cabinet manufacturers and railway ties.

The study found that hardwood producers and manufacturers directly support more than 685,000 jobs in 25,000 facilities generating \$35 billion in annual income. Related industries, including transportation, retail, forest ownership and logging support more than 1.1 million jobs and add \$212 billion to the economy.

For every \$1 million in output of hardwood products, 5.3 jobs are created. This study investigated the economic contribution from the output of hardwood industries, including sawmills wood

preservation, veneer and plywood manufacturing, engineered wood member manufacturing, truss manufacturing, wood window and door manufacturing, cut stock, re-sawing lumber and planing, other millwork (including flooring), wood container and pallet manufacturing, miscellaneous wood product manufacturing, wood kitchen cabinet and countertop manufacturing, upholstered household furniture manufacturing, non-upholstered wood household furniture manufacturing, institutional furniture manufacturing, wood office furniture manufacturing, custom architectural woodwork and millwork manufacturing, showcase, partition, shelving, and locker manufacturing, and blind and shade manufacturing.

Direct impacts are the benefits producers directly received in the form of additional sales. Indirect impacts are realized by businesses supporting the hardwood industry, like industrial loggers and transportation companies. Induced impacts are those created from the spending of labor income and profits.

Below is a chart of the states in the Appalachian region.

You may view the study on the Federation website www.hardwoodfederation.com.

Sector	Output (\$millions)											
	AL	GA	KY	MD	NC	NY	OH	PA	SC	TN	VA	WV
Sawmills	\$ 1,097.7	\$ 1,529.2	\$ 582.6	\$ 104.2	\$ 961.6	\$ 481.6	\$ 475.5	\$ 1,173.3	\$ 472.0	\$ 624.9	\$ 775.4	\$ 417.3
Wood Preservation	\$ 798.6	\$ 612.6	\$ 195.3	\$ 88.7	\$ 307.8	\$ 108.5	\$ 168.2	\$ 242.4	\$ 544.2	\$ 102.2	\$ 557.5	\$ 134.3
Rail Ties	\$ 78.8	\$ 109.4	\$ 109.4	\$ 24.2	\$ 72.3	\$ 93.3	\$ 141.2	\$ 122.4	\$ 61.9	\$ 68.7	\$ 90.7	\$ 60.4
Hardwood Veneer and Plywood Manufacturing	\$ 765.2	\$ 1,070.1	\$ 284.3	N/A	\$ 1,123.9	\$ 87.4	\$ 339.8	\$ 414.6	\$ 734.6	\$ 43.0	\$ 640.5	\$ 86.2
Engineered wood member (except truss) manufacturing	\$ 57.8	\$ 100.5	\$ 35.3	\$ 63.3	\$ 104.5	\$ 48.3	\$ 96.9	\$ 143.3	\$ 34.2	\$ 61.7	\$ 70.1	\$ 40.0
Truss manufacturing	\$ 190.0	\$ 330.1	\$ 116.1	\$ 207.9	\$ 343.2	\$ 158.6	\$ 318.2	\$ 470.8	\$ 112.3	\$ 202.8	\$ 230.3	\$ 131.3
Wood Window and Door Manufacturing	\$ 270.4	\$ 484.0	\$ 60.9	\$ 39.7	\$ 698.4	\$ 537.1	\$ 568.9	\$ 839.1	\$ 177.1	\$ 347.4	\$ 969.6	\$ 29.3
Cut Stock, Re-sawing Lumber, and Planing	\$ 139.3	\$ 76.1	\$ 176.0	\$ 18.1	\$ 138.8	\$ 49.4	\$ 112.5	\$ 106.0	\$ 31.5	\$ 99.7	\$ 153.6	\$ 18.4
Millwork	\$ 367.5	\$ 665.2	\$ 501.1	\$ 128.4	\$ 452.0	\$ 592.2	\$ 742.6	\$ 452.8	\$ 122.3	\$ 371.0	\$ 427.5	\$ 428.2
Flooring	\$ 69.0	\$ 871.6	\$ 309.9	\$ 79.4	\$ 283.0	\$ 188.3	\$ 124.2	\$ 280.1	\$ 75.6	\$ 186.8	\$ 264.3	\$ 163.6
Wood Container and Pallet Manufacturing	\$ 389.6	\$ 235.0	\$ 730.4	\$ 79.6	\$ 920.1	\$ 583.4	\$ 1,365.2	\$ 1,131.8	\$ 260.1	\$ 655.6	\$ 350.8	\$ 67.8
All other Miscellaneous Wood Product Manufacturing	\$ 148.0	\$ 1,044.4	\$ 116.5	\$ 62.5	\$ 573.8	\$ 240.2	\$ 528.8	\$ 1,237.9	\$ 155.6	\$ 221.6	\$ 188.0	\$ 93.8
Wood Kitchen Cabinet and Countertop Manufacturing	\$ 1,228.3	\$ 221.8	\$ 337.5	\$ 250.1	\$ 1,132.6	\$ 747.9	\$ 1,240.8	\$ 1,819.4	\$ 339.4	\$ 491.9	\$ 771.7	\$ 217.1
Upholstered Household Furniture Manufacturing	\$ 57.9	\$ 126.5	\$ 10.1	\$ 51.7	\$ 7,051.4	\$ 158.6	\$ 145.4	\$ 485.1	\$ 19.7	\$ 1,351.6	\$ 480.6	N/A
Non-upholstered Wood Household Furniture Manufacturing	\$ 184.7	\$ 252.0	\$ 44.5	\$ 15.1	\$ 667.0	\$ 585.7	\$ 1,018.7	\$ 364.9	\$ 35.5	\$ 135.0	\$ 443.0	\$ 33.6
Institutional Furniture Manufacturing	\$ 96.1	\$ 157.0	\$ 68.2	\$ 49.1	\$ 231.9	\$ 101.7	\$ 646.4	\$ 341.9	\$ 15.9	\$ 171.8	\$ 74.9	\$ 10.4
Wood Office Furniture Manufacturing	\$ 75.2	\$ 169.4	\$ 126.1	\$ 29.7	\$ 545.8	\$ 511.2	\$ 133.7	\$ 165.0	\$ 10.3	\$ 35.8	\$ 6.0	N/A
Custom Architectural Woodwork and Millwork Manufacturing	\$ 56.5	\$ 751.1	\$ 6.3	\$ 136.9	\$ 155.0	\$ 509.7	\$ 326.5	\$ 313.3	\$ 25.6	\$ 101.2	\$ 189.1	\$ 13.9
Showcase, Partition, Shelving, and Locker Manufacturing	\$ 462.8	\$ 81.9	\$ 290.7	\$ 192.2	\$ 1,130.9	\$ 656.5	\$ 751.7	\$ 1,000.7	\$ 170.1	\$ 415.2	\$ 374.8	\$ 1.5
Blind and Shade Manufacturing	\$ 11.9	\$ 871.6	\$ 7.6	\$ 248.4	\$ 99.2	\$ 242.3	\$ 27.9	\$ 79.6	\$ 14.5	\$ 17.0	\$ 54.3	N/A
Total	\$ 6,397.4	\$ 8,778.6	\$ 3,999.4	\$ 1,844.9	\$ 16,637.9	\$ 6,400.2	\$ 9,131.8	\$ 11,062.0	\$ 3,350.3	\$ 5,636.3	\$ 7,021.9	\$ 1,723.1

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Wood Pro Expo, Cabinet Show Set In Charlotte

Wood Pro Expo returns to Charlotte March 6-8, 2019, co-located with Cabinets & Closets Conference & Expo at the Charlotte Convention Center.

The Wood Pro Expo made its Charlotte debut in 2018 while the Cabinets & Closets Conference & Expo last appeared in Charlotte in 2011. The Wood Pro Expo brand comprises a series of strategic regional events, located in key areas throughout the U.S. where professional woodworkers congregate.

AHMI will exhibit again next week in booth 133. Members are encouraged to visit the show and booth on March 7 & 8.

Wood Pro Expo features a full day of education and tours followed by two expo days oriented to equipment and supplies focused on the small-to-medium size shops. The educational offering includes CNC basics, employee recruitment, finishing, lean manufacturing, business management, software, and shop safety.

AHMI members receive a discount for show attendance. Please register at <https://www.microspec.com/reg/CCEWPE2019/> and enter the VIP code APPAL19.

AHMI Information Due NOW

Appalachian Hardwood Manufacturers, Inc. members are reminded the 2019 Dues are payable immediately. The dues are paid annually for members of the Distributor, Export, Consumer, Forestry and Supplier Divisions.

The Producer members pay monthly based on lumber production. (Export membership is for Producer and Distributor companies in addition to their primary dues.) If you have not paid, please remit payment immediately.

AHMI's Certified Sustainable Resource Guide information is also due now. The Guide is distributed to thousands of lumber buyers around the world.

All membership and advertising information should be turned in immediately to be included in the Guide. Please call AHMI at (336) 885-8315.

AHMI Trade Show / Meeting Activities

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

March 6-8: **Cabinet and Closets Expo**, Charlotte, NC

March 12: **Appalachian Lumbermen's Club**, Greensboro, NC

March 22-24: **HMA National Conference**, Savannah, GA

April 2-4: **KFIA Annual Meeting**, Lexington, KY

April 6-11: **High Point Furniture Market**, High Point, NC

May 1-3: **NWFA Flooring Expo**, Fort Worth, TX

May 2-5: **Appalachian Lumbermen's Club**, Myrtle Beach, SC

June 7-8: **PA Forest Products Show**, State College, PA

Jun 20-21: **AHEC Greater China Convention**, Ningbo, China

June 24-25: **AHEC SE Asia Convention**, Hanoi, Vietnam

July 28-30: **AHMI Summer Conference**, The Greenbrier, White Sulphur Springs, WV

Sept. 24: **Penn York Club Meeting**, State College, PA

Sept. 25: **PA Forest Products**, State College, PA

Oct. 2-4: **NHLA Convention**, New Orleans, LA

Oct. 19-23: **High Point Furniture Market**, High Point, NC

Oct. 21: **ASFD Pinnacle Awards**, High Point, NC

Nov. 13: **ALC Meeting**, Johnson City, TN

For more information or to participate in these events, please contact the AHMI office. If you have suggestions for other promotion opportunities, please contact AHMI.

