



Appalachian Hardwood News

March 2022

Monthly newsletter of
Appalachian Hardwood
Manufacturers, Inc.
info@appalachianhardwood.org

Speakers Detail Carbon Markets, Insurance In '22

Annual Meeting Provides Updates On Markets, Congress, Real American

Business sessions at the Appalachian Hardwood Manufacturers **2022 Annual Meeting** recently provided valuable information on key industry topics in 2022.

Attendees were pleased with each of the presentations and many requested copies of the reports. The following is a recap of the business presentations and the slides are available on the AHMI website www.appalachianhardwood.org

Forest Carbon Credits in Appalachia

NCX Carbon is America's top provider of forest carbon credits and Landowner Success Manager Kathryn Morse explained the program in the AHMI region. The NCX model pays forest landowners on an annual basis to defer timber harvesting activities.

She said there are no costs to landowners to participate and no minimum acreage required, but there is an annual deferral commitment. The NCX model is the only system that has been designed to eliminate these barriers, Morse said.

"We're able to achieve this through leveraging the technology we've developed and meticulously designing our methodology to support this framework," she said.

Using artificial intelligence and remote sensing data, the NCX assessment calculates a landowner's



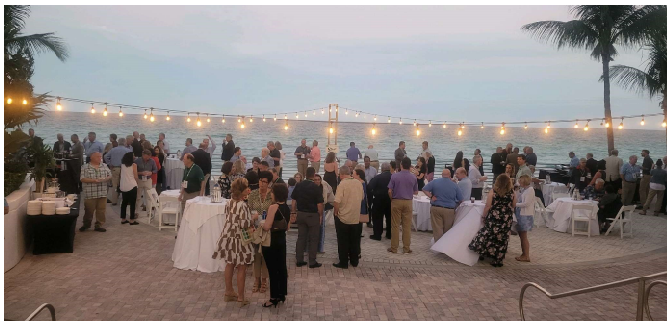
Sessions offered key details for companies

model and the volume of carbon eligible for earning credits by deferring harvests for one year. The primary factors are standing inventory (size, species of trees) and harvest risk (proximity to markets, mill demand).

Landowners then bid on the price at which they would be willing to sell some or all of those credits to the market, Morse said. NCX gives landowners a report on what corporations are willing to pay to help determine the market clearing price. Landowners are notified of the results of the auction and if bids are accepted, they enter into a binding agreement to reduce their harvest by the agreed amount for one year. Morse said that after the year, a second evaluation is completed that issues the credits to buyers and payment to landowners for the actual amount of additional carbon delivered.

The Appalachian region has averaged \$12-\$14 per acre in the past.

For more information, visit ncx.com.



Networking at its best along the Atlantic Ocean

(See Annual Meeting on page 3)

The way I see it...

By Tom Inman, AHMI President

...reports from the 2022 AHMI Annual Meeting were all positive as speakers gave detailed reviews of hardwood industry issues for this year, the venue was terrific and the weather was outstanding in south Florida.

There are details throughout this newsletter from the presentations.

This year was the election of AHMI Officers and Trustees and the members present elected the following for 2022-23:

Chairman: Tom Sheets of Blue Ridge Lumber, Fishersville, VA

Vice Chairman-elect: Roy Zangari of Meadow River Lumber, Rainelle, WV

Treasurer: Tony Honeycutt of Mullican Flooring, Johnson City, TN

Past Chairman: Jay Reese of Penn-Sylvan International, Spartansburg, PA

Trustees

Dean Alanko of Allegheny Wood Products, Petersburg, WV

Sebastian Church of Church & Church Lumber, Wilkesboro, NC

Jamie Coleman of Robert S. Coleman Lumber, Culpeper, VA

Brian Conklin of Gutches Lumber Co., Cortland, NY

Scott Cummings of Cummings Lumber, Troy, PA
Tim Parton of Gilkey Lumber Co., Rutherfordton, NC

David Pierson of Pierson Lumber, Clay, WV

John Pysh of Pennsylvania Hardwoods, Pleasantville, PA

Jason Twigg of Tuscarora Hardwoods, Elliottsburg, PA

Ray White Jr. of Harold White Lumber, Morehead, KY

Distributor: Mark Vollinger of W.M. Cramer Lumber, Hickory, NC

Forestry: Steve Harp of Pardee Resources, Summersville, WV

Consumer: Gat Caperton of Gat Creek Furniture, Berkeley Springs, WV



Membership

AHMI welcomes the following new members:

Consumer

Green Mountain Firewood Co.

Ed Connolly

PO Box 246

Cotuit, MA 02635

Phone: 508-364-9488

e.connolly@greenmountainfirewood.com

www.greenmountainfirewood.com

Supplier

Biolube

Kelly Johnson

4611 Newaygo Rd, Suite D

Fort Wayne, IN 46808

Phone: 260-414-9633

kelly@biolube1.com

www.biolube1.com

JoeScan

Joey Nelson

4510 NE 68th Dr, Unit 124

Vancouver, WA 98661

Phone: 360-993-0069

joey@joescan.com

www.joescan.com

ECM Solutions

Joe Hughes

4000 Park Road

Charlotte, NC 28209

Phone: 704-227-1350

hughes@ecmins.com

www.ecmins.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. We have a packet of materials to send them about our promotions, events, 401k retirement plan, health insurance availability and more.

Annual Meeting from page 1

HMR Marks Century of Indexing

Hardwood Market Report's Judd Johnson discussed production and pricing in 2022 and noted the 100th anniversary of the industry's leading hardwood lumber indexing guide. He noted the supply shortages in 2021 increased the price of hardwood lumber and demand has remained in the new year.

Johnson singled out the cabinet industry as booming according to the *Hardwood Demand Index* (HDI) from the HMR Executive. Look for consumption by this sector to increase in 2022, he said, especially the close grain whitewoods and limited interest in Red Oak and Cherry.

Demand for solid wood flooring surged last year, Johnson reported. Specifiers and consumers were demanding hardwood flooring products and other floor coverings were either not available or were priced such that solid wood flooring was a good front end financial decision.

Export markets for US hardwood lumber increased last year over 2020 and 2019. Johnson said volumes declined to China and Vietnam with increases in Europe and other markets.

Industrial markets were improved in 2021 with pallet markets very strong, railroad ties stable and road mats in decline. These markets are off to a good start for 2022.

Johnson said a gamechanger for the hardwood industry for the next several years will be the US now has the largest consumer group in its history. It also has its largest adult group in history for buying homes and household furnishings, he said.

The Millennial generation has a population 19% larger than that of Baby Boomers. Within a matter of a few years, Generation Z will reach home buying age. It is 16% larger than the Baby Boom generation, Johnson said, and this younger generation favors home ownership.

HMR celebrates its 100th Anniversary this year and Johnson noted its success has been due to its relevance. He thanked attendees for their support and asked them to review a variety of new products at hmr.com to assist with electronic and print advertising as well as information.

Jay Reese
(left)
passes
AHMI
gavel to
Tom
Sheets at
closing
dinner
(photo by
Paul Miller)



Cruise Ends Annual Meeting

Attendees were treated to a reception and dinner cruise on the South Beach Lady Yacht to end the 2022 Annual Meeting. The four-hour event included the passing of the gavel from 2020-21 Chairman Jay Reese to 2022-23 Chairman Tom Sheets.

The trip on the Intracoastal Waterway to Miami and return included sightseeing, dancing and networking. Special thanks to USNR, TMX Shipping and UBS Financial for sponsoring the cruise.



Sporting Events Winners

The **Annual Golf Tournament** winners were:
Low Gross - William Robbins; 2nd place- Terry Robbins

Low Net - Robert Wagner; 2nd place- Jay Reese
Closest to the Pin: Paul Zheng
Long Drive: Joe Pryor & William Robbins
TopGolf - High Score - Peter McCarty

The **Annual Fishing Tournament** winners:
Largest Fish - Scott Cummings
Most Fish - Dean Alanko

Federation Advocates Hardwoods To Both Sides

*By Dana Lee Cole, Hardwood Federation
Executive Director*

As the mid-term elections near on Nov. 8, and the window to pass specific bills begins to narrow, the hardwood industry is focusing on longer-term legislative goals. Taking steps to assure that the 118th Congress, which will convene in January 2023, includes a significant number of members who will fight for the hardwood sector.

This is where the funds raised through the Hardwood Federation Political Action Committee (HFPAC) matter. HFPAC dollars are personal contributions from members of the industry used to support campaigns, within the parameters of Federal Election Commission (FEC) rules, of those members of Congress who can and do support the industry's agenda. The HFPAC is one of the important tools we use to gain access, share insight and perspective, build connections and support our Congressional champions.

If you have thought about supporting the HFPAC, but have not yet done so, now is an excellent time to finally take action. The 2022 election cycle seems to have more potential for change than most, with dozens of incumbents choosing to retire rather than campaign this fall.

HF delivers four key messages:

- Forest products are part of the climate solution and must be counted in federal carbon accounting programs.
- Tax and regulatory reforms must be favorable to growing and sustaining the hardwood industry and facilitate passing family-owned businesses to the next generation.
- Infrastructure and transportation legislation must address barriers to shipping over land and water.
- Healthy export markets are key to industry success.

HF advocates for a broad swath of issues, and we need to continually build relationships with lawmakers from diverse political and geographical backgrounds. Policy impacting our sector is rarely passed on a partisan level.

Leaders, committee members and legislative

champions come in many forms and political leanings. The HFPAC Board of Directors and staff strive to identify those Members of Congress most likely to assist on both sides of the aisle to increase our chances of success.

To illustrate the diversity of our PAC activity and support, below we highlight a few of the incumbents the Federation has recently met with during PAC fundraising events, all of whom have a demonstrated track record of leadership on industry's key issues:

- In late 2021, the Hardwood Federation attended PAC meetings with both **Senator Debbie Stabenow (D-MI)** and **Senator John Boozman (R-AR)** who currently serve as the chair and ranking member of the Senate Agriculture Committee, respectively. These legislative veterans are longtime champions of farm bill programs that support the industry, including export promotion funding.

- In late January, HF met with **Rep. Jim Costa (D-CA)**, a longtime friend of the industry and senior member of the House Agriculture Committee. If Democrats retain their majority in November, there is a strong possibility he could assume chairmanship of the committee, providing a platform for the industry's carbon agenda. If Republicans take over the House, he could become the committee's ranking member and bring a deep understanding of the issue to the minority side.

- In February, **Rep. Mike Gallagher (R-WI)** assured HF and industry allies that he will prioritize measures that provide relief from transportation bottlenecks. Mr. Gallagher's seat on the House Transportation and Infrastructure Committee assures that he will be an effective advocate on this key issue.

- In early March, HF talked to **Rep. Jim Comer (R-KY)**, currently the ranking member of the House Oversight Committee who could ascend to the Chair's seat depending on the outcome in November. During the meeting, **Sen. Minority Leader Mitch McConnell (R-KY)** made an appearance and shared insights regarding Senate
(see Federation on page 5)

Federation from page 4

action for the balance of 2022, including budget negotiations, the ongoing situation in Ukraine and filling the current Supreme Court vacancy.

- Also in March, **Rep. Annie Kuster (D-NH)** told HF that she wants to lead the charge on policy measures assuring that climate-related programs account for carbon captured in finished wood products.

- On April 27, HF will be co-hosting another event for long-time ally **Rep. GT Thompson (R-PA)**. GT is currently the ranking member of the House Agriculture Committee and will mostly likely become Chair in the event Republicans assume the majority in the fall. An expert on the importance of federal forest management, particularly on the Allegheny National Forest, GT is also a strong advocate for the wood products industry and understands the environmental benefit links between forest management, wood product manufacturing and sustainability.

With so much at stake in 2022, it is the perfect time to get involved in the political process and make your voice heard. The HFPAC enjoys the support of many industry leaders, but the issues we face are growing in number and complexity; we need the backing of many more.

If you are a member of the Hardwood Federation and would like to learn more about how to support pro-industry candidates through HFPAC, please visit www.hardwoodfederation.com.

Certified Appalachian Helps Sell Lumber

AHMI members seeking certification for products to meet customer needs should consider Certified Appalachian Legal & Sustainable. The program provides a third-party audit of resources and processing.

For more information, please call the AHMI office at (336) 885-8315 or email info@appalachianhardwood.org.



AHMI Event Calendar

Appalachian Hardwood Manufacturers, Inc. plans to attend the following events to promote AHMI member companies and products.

Members are welcome to participate in the AHMI exhibit and we can assist with registration if required. Please check with the AHMI office before you make final plans:

March 17: **NCFE Western Conference**, Canton, NC

March 29-31: **KFIA Annual Meeting**, Lexington, KY

April 2-6: **High Point Furniture Market**, High Point, NC

April 6-8: **Central Hardwood Conference**, WVU, Morgantown, WV

April 12-14: **NWFA Wood Expo**, Tampa, FL

April 27-May 1: **ALC Beach Meeting**, North Myrtle Beach, SC

May 3-6: **Virginia Forestry Summit**, Blacksburg, VA

May 20-21: **Expo Richmond**, Richmond, VA

June 6-8: **Railway Tie Field Trip**, Roanoke, VA

July 24-26: **AHMI Summer Conference**, The Homestead, Hot Springs, VA

Aug. 23-26: **IWF Atlanta**, Atlanta, GA

Sept. 13-14: **PFFA Annual Conference**, State College, PA

Sept. 21-23: **NHLA Convention**, Cleveland, OH

Sept. 28-30: **NCFE Annual Meeting**, Greensboro, NC

Oct. 22-26: **High Point Furniture Market**, High Point, NC

If you know of events that we should consider, contact AHMI at info@appalachianhardwood.org and provide details.

Follow AHMI on social media with updates on members, hardwood promotion and more. Please connect at: [/instagram/appalachianhdwd](https://www.instagram.com/appalachianhdwd)



Insurance Forum Covers Key Issues

Four AHMI member insurance professionals presented key details about issues the hardwood industry is currently facing in 2022, during the AHMI Annual Meeting.

Two takeaways were: the cost of insurance for the hardwood sector is rising as carriers move away from offering coverage AND company leaders must review policies to make certain they have adequate coverage.

The four presentations were titled:

(1) General Liability, Commercial Automobile, Workers' Compensation: Joe Hughes of ECM Solutions

(2) Umbrella / Excess Liability Coverage: Ryan Harman, Mountcastle Inc.

(3) Cyber Security & Best Practices: Toye Oshoniyi and Duke Baldrige, Dominion Risk

(4) Contractual Risk Transfer Agreements Specific to Logging / Hauling: Dawn Daum, McGriff Insurance.

These presentations are available at www.appalachianhardwood.org and offer more details that can be reported here. The contact information for each presenter is included in their slides and we encourage you to contact them directly with questions or for more information.

Thank you to these companies for their work.

Thank You 2022 Meeting Sponsors

Appalachian Hardwood Manufacturers, Inc. thanks our 2022 Annual Meeting Sponsors for their support and making our programs terrific!

We encourage members to thank these companies and allow them to provide you with goods and services:

Thursday Reception - Stringer Industries

Friday Reception - Ally Global and TS Manufacturing

Saturday Reception & Dinner - USNR, TMX Shipping and UBS Financial

Business session speakers - PLM Insurance and DMSi/Tally Express

Friday & Saturday breakfasts - Stella-Jones, Inc.

Friday Golf Prizes & Lunch - Corley Manufacturing

Friday Golf Refreshments - SII Dry Kilns

Fishing Prizes & Lunch - ISK Biocides

Top Golf Event - Cooper Machine

White Oak Sponsor - ECM Solutions and Nyle Dry Kilns

Red Oak Sponsor - McGriff Insurance

The next meeting of Appalachian Hardwood Manufacturers, Inc. is the 2022 Summer Conference set for July 23-26 at The Homestead in Hot Springs, Va. Mark your calendars now!

Real American Hardwood Seeks Industry Help

The Real American Hardwood Coalition is in the final development of a consumer website to educate and encourage people to buy hardwoods.

RAHC members Amy Snell of the Wood Components Manufacturers Association and Ray Moistner of the Indiana Hardwood Lumbermen's Association presented the update at the 2022 AHMI Annual Meeting. The group has completed its research, branding, industry website, and funding strategy.

The emphasis now is the consumer website which should be launched this spring and funding for it and other work. Snell recapped the progress to date highlighting social media posts promoting American hardwood. Moistner explained how 28



industry associations are working together to develop the effort.

Companies and individuals are encouraged to use the branding materials and to donate annually to the campaign. More information is available at www.realamericanhardwood.org or from the AHMI office.