



April 2018

More than just talk

By Linda Jovanovich

HMA Executive Vice President

Winding down after a very successful National Conference and Expo in Greenville! Despite missing some of our northern members, due to weather/travel issues, we had a great crowd and the energy level was high. To those members unable to attend, I ask you to mark your calendars now, and plan to join us in Savannah, March 20 – 22, 2019.

Later this month, I'll be celebrating my 20th anniversary with the HMA. It's been a wonderful experience, never dull, and I would like to thank HMA members, Past Presidents, industry associates and suppliers, and many others - members, mentors and friends that have moved on to a much better place. Each and every one of you has taught me volumes about this significant industry. Thank you for allowing me the honor to tell its story over and over again.

As you know so well, these 20 years have indeed been fraught with challenge after challenge – invasive species, a rough-and-tumble economy, the seemingly never-ending array of competitive products! Yet nonetheless, here we are.

It's a wonderful feeling to head to work each day with a song in our hearts, and a jump in our steps. (Well, at least before my recent hip surgery.) I look forward to continuing the work that we have started; and with your help, facing the challenges of today, and tomorrow, head-on.

NatCon 2018 – Powerful and Productive

HMA's recent National Conference and Expo was off the charts! And if you were part of the excitement in Greenville, thank you for your participation and support. For those who were unable to attend, here's a brief on what you missed.

- HMA members were out in full force, making the most of this opportunity to grow their **ROR-Return on Relationships**. No surprise, though. Our members know all too well that healthy relationships are the lifeblood of any and every successful business.
- The business/learning sessions were on point, not to mention informative and entertaining. (Over the next several months, a recap of each session will be included in *The Link*, and the audio recordings and PowerPoint presentations of each presenter will be available in the **Members Only** section of www.HMAmembers.org.)

- And the industry Expo was a sell-out, comprised of both familiar and new faces – and an interesting cast of informed suppliers - on the front line, prepared to assist on all levels.

Of special note was HMA's NextGen Leaders. Seeing them in action; with some going head-to-head with other industry stakeholders regarding topics of concern – was a clear and very positive indication that the future of the hardwood industry is in very capable hands.

Again, thank you to all of the Conference attendees! Your participation is what the event is all about! So looking ahead, please note your calendar for NatCon 2019.

All industry stakeholders are welcome to attend HMA's **2019 National Conference & Expo**, March 20-22, at The Hyatt Regency, **Savannah**, Georgia. It's been five years since we've convened in Savannah, and it's time to return to that historic and lovely city. And time to once again make the Hyatt Regency our home away from home, if for only a few days. Please plan to be part of the excitement.

Registration now open for Central Regional

HMA's Central Regional Meeting is heading to Johnson City, Tennessee, **May 23-24**, and registration for HMA members and 2018 National Conference Sponsors and Exhibitors is up and running at www.HMAmembers.org. That's also where you'll find the meeting Schedule and other pertinent meeting details like ...

Signing on as a meeting Sponsor

- At the \$1000 **Gold** Sponsorship level – which includes one complimentary Registration - your company could help host Wednesday's Cocktail Reception or the bus transportation to the Wednesday tour sites.
- At the \$500 **Silver** level, sponsorship opportunities include hosting Wednesday's Bus Refreshments or the bus for Thursday's tours.
- Call the HMA office, 412.244.0440, to learn more.

Finalizing your Hotel reservation

The DoubleTree by Hilton, 211 Mockingbird Lane, Johnson City, Tenn., 37604, will serve as our base of operations. And time is of the essence to secure your room reservation. Either call the hotel at 423.929.2000 or make an online reservation. The 'special' room rate of **\$109** is available until May 1, 2018 or until the group block is sold-out, whichever comes first.

Confirmed Tour sites

- **New River Hardwoods, Inc.**, Mountain City, TN, www.newriverhardwoods.com
- **New River Hardwoods, Inc.**, Roan Mountain, TN, www.newriverhardwoods.com
- **Mullican Flooring**, Johnson City, TN, www.mullicanflooring.com

So, get on board. It's already April!

Officers & Directors Elected at Conference

At HMA's March Board of Directors meeting in Greenville, the following **Officers** were elected for 2018. Congratulations to President Bob Miller, Frank Miller Lumber Co., Inc.; Vice President, Troy Brown, Kretz Lumber Company, Inc.; and HMA Executive Vice President, Linda Jovanovich.

Executive Committee members were also elected at that meeting. In addition to the Officers, congratulations go out to: **Hal Mitchell**, Atlanta Hardwood Corporation, Mableton, Ga.; **Jason Ayer**, Cersosimo Lumber Co., Inc., Brattleboro, Vt.; **Tommy Petzoldt**, East Perry Lumber Company, Frohna, Mo.; **T. J. Rosengarth**, Northwest Hardwoods, Inc.,

Tacoma, Wa.; **Brian Schilling**, Pike Lumber Co., Inc., Akron, Ind.; and past president **Richard Wilkerson**, Anderson-Tully Co., Vicksburg, Miss.

During the Conference's Thursday Business Meeting, HMA members elected **Directors Hal Mitchell**, Atlanta Hardwood Corporation, Mableton, Ga.; **Norm Steffy**, Cummings Lumber Company, Inc., Troy, Pa.; **Brian Schilling**, Pike Lumber Co., Inc., Akron, Ind.; **Steve Jones**, Ron Jones Hardwood Sales, Inc., Union City, Pa.; **Gus Welter**, Welter Forest Products, Inc., Marathon City, Wisc.

Congratulations to you all, and thank you for your service!

Addressing the need for qualified workers

Recognizing the need for skilled industry professionals, and in conjunction with the Northcentral Technical College, Antigo, Wisconsin, HMA is happy to announce **The Hardwood Manufacturers Certificate Program**. This unique, 16 week/14 credit program will prepare learners for fast growing, in-demand positions within the hardwood manufacturing industry.

- Program details - course descriptions, course costs, housing information - are available at www.HMAmembers.org.
- Prospective students may apply at bit.ly/HardwoodCertificate. Application deadline is **June 29, 2018**. Questions should be directed to Travis Allen at 715.348.7723 or allen@ntc.edu.
- All courses conducted at Northcentral Technical College's 27,000 square foot state-of-the-art Wood Technology Center of Excellence,
- Upon Program completion, certificate holders will be able to identify hardwood species; scale, grade and value hardwood logs; breakdown logs and edge/trim lumber; investigate slicer and rotary veneer manufacturing; examine the physical and mechanical properties of wood; and operate a conventional dry kiln, and apply basic hardwood lumber inspection grading rules.

Bottom line: This is just what the doctor ordered! But act soon. Application deadline is **June 29, 2018**.

Hardwood Federation NatCon Presentation

Established in 2004, and representing 27 U.S. hardwood trade associations and organizations, the Hardwood Federation (HF) is the voice of the hardwood industry in Washington, educating Congress, the Administration and Department staff about the issues that most impact the hardwood business in the U.S.

Hardwood Federation Executive Director, Dana Lee Cole, was on the dais of HMA's recent National Conference and Expo. Her "**Washington Update**" included a recap of HF 2017 activities, as well as an overview of the 2017 Tax Reform Legislation, speculation regarding the 2018 mid-term election, and a review of the Federation's 2018 Legislative Priorities which include the following:

Federal Forest Management Reform

More than 193 million acres of the National Forest System is managed by the U.S. Forest Service. Of this total, only 46 million acres (24 percent) are designated as allowable for timber harvest, limiting the availability of timber and fiber from federal forests and negatively impacting the general health and sustainability of the forests.

Undermanaged forests are bad for local economies AND for forest health. Permitting needs to be streamlined for timber harvest, especially in the case of critical response areas where forests are at risk.

HF believes that a smart combination of forest management and fire funding reform is needed and will continue to work with all involved to sharpen our approach on moving forest management reform legislation forward.

Farm Bill

The Farm Bill covers a wide variety of programs – agriculture support, conservation programs, nutrition programs – which get 99 percent of the Bill's funding. The remaining 1 percent is spread over 8 program areas, several of which are of interest to the hardwood industry.

HF is a long-time proponent of full funding for the Market Access Program (MAP) and the Foreign Markets Development Program (FMD), which provide essential resources to the development of foreign markets for U.S. hardwood and hardwood products. The American Hardwood Export Council receives funding from both programs, which enables them to create and sustain U.S. hardwood promotional activities across the globe.

Both the House and Senate have approved 2018 Appropriation bills that fully fund MAP and FMD. The challenge, however, is for 2019 funding. And supportive committees, as well as the HF, are working hard to ensure future funding.

Trade

Mexico and Canada are important markets for U.S. hardwoods, and NAFTA negotiations could be an indication of how agricultural products, including hardwood, will be treated in trade negotiations with other countries. The concern that the Administration would impose strict sanctions on China has abated. What has not abated is the industry's concern over the number of logs being exported to China. For some industry stakeholders, this is simply good business. For others, it is an issue of concern, and one that is being monitored by many.

In closing, Dana thanked HMA for both the opportunity to participate in this year's National Conference and Expo, and for HMA's ongoing support of the Hardwood Federation. She was also most appreciative of the individual HMA member donations to the HF Political Action Committee (PAC). These funds will be used to support the members of Congress that support the hardwood industry's policy positions.

*For the entire presentation, visit the **Members Only** section of www.HMAmembers.org.*

Informational Update-Save the Date!

The annual Hardwood Federation Fly-In will be held September 11-13 in Washington, D.C.! Mark your calendars now for this unique opportunity to visit D.C.; meet with your elected officials, and share your story on Capitol Hill. But until then, here's a way to bring Washington D.C. to **Your** Business!

As you know, the Hardwood Federation (HF) staff "spends much of their time meeting with Members of Congress in Washington, D.C. The objective is to educate them about the Hardwood industry, and how the laws and policies they are considering impact your business and your bottom line.

One of the ways you can get involved, without leaving your place of business, is to host an elected official, at any level, in your hardwood facility.

- Meeting and personal interaction with your local, state and federally elected politicians are excellent ways to let them know what is going on with the hardwood industry, and really drive home the importance of our issues.
- Hearing directly from business executives in their districts is an effective way to reinforce the message HF conveys in Washington.
- A first-hand look at your operations and your employees in action will resonate with members at all levels. You are their constituents, and ultimately they answer to you."

So, show them what the forest products industry is all about. Explain the entire supply chain to them. Let them see how **you** are a driver of local, state, and national economies. They will remember. And your information will help them as they make policy decisions.

The HF has a "**Facility Tour Guide**" - step-by-step directions from start to finish - to assist you in your efforts. Get your planning started today. And remember, following your event, let HF know how your visit went!

Making 'commonplace' Extraordinary!

Touting to the world the extraordinary qualities of cypress as a building and design material is what the Southern Cypress Manufacturers Association (SCMA) is all about. Here's a look at a few of our most recent promotional projects.

In today's world of information overload, gaining the attention of information seekers – boomers to millennials – can be a daunting task. For some, reading about cypress is sufficient. For others however, seeing is believing! If you were among the 85,000 attendees of the 2018 International Builders Show in Orlando, you know what we mean. That's where SCMA partnered with iShow® Home Experience on a Tiny Home.

Dedicated to showcasing the 'what's next' in "building innovation, technology and products," the 300-square-foot, cozy abode featured dark-stained cypress ceilings and blue painted walls to create a warm and luxurious living space. The home may have been tiny, but the cypress statement was immense!

Another Model Home

Later this year in Palm Coast, Florida, construction is expected to wrap up on a new model home project which also will showcase cypress building products. Sponsored by the SCMA, the project will be featured on the second season of the NextGen "First to the Future™ Home" on NGHTV.com.

Hosted by renowned TV personality Ty Pennington, the online video series will demonstrate how and why to build the homes of the future—today—and explore various topics including the durability we need, the air we breathe, energy we use, water we consume, and other aspects of what makes a "First to the Future™ Home."

Lights-Camera-Action

SCMA has recently put the finishing touches to a new promotional video titled, "**Discovering Southern Cypress: The Natural Choice.**" Filled with a myriad of idea-inspiring images, the concise video highlights cypress' breathtaking beauty, exceptional durability, and unique versatility for interior uses and outdoor applications. Bottom Line: for homes and offices from the coast to the mountains—and everywhere in between, Southern Cypress is **the** natural choice. Tune in to www.CypressInfo.org, and see for yourself.

The Written Word

Earlier this year, SCMA issued an editorial release entitled, "Creating a Dream Home with Cypress." If you missed it in your local paper or favorite online publication, the article

features interviews with design professionals who use cypress to “transform the unremarkable to the extraordinary.” It’s an eye-opener.

And the release’s ‘pick-up’ has been super. As we go to press, the article has generated more than 1,115 online and print placements, with a potential desktop, mobile, and print audience of nearly 167 million readers. That’s a lot of potential cypress users! Visit CypressInfo.org to read the article in its entirety.

You can get Involved

If your company is engaged in the manufacture, processing, or distribution of cypress building products or veneers, or if you would like to join us in promoting this beautiful, durable, and versatile species, now is a great time to learn more about the SCMA. Simply visit www.CypressInfo.org for all of the details.

“Where is the U.S. Economy headed?”

An excerpt from *TrendTracker Update*

By Art Raymond

The U.S. economy is stronger today than any time since 2005. *GDP, Employment, Manufacturing, and Housing* are good but not great. *GDP* appears headed for 3+ percent growth. Most everyone who wants work can find it. Factories are busy. Wage earners are spending their paychecks. Homebuilding is moving, if slowly, toward the 1.5 million-per-year rate that will meet demand.

After nine years and \$2 trillion of quantitative easing, we are only now breaking out of the weakest recovery in modern history. The key Fed Funds Interest Rates during that period ranged from zero to 1.25 to 1.5 percent set last December. By comparison the average rate from 1971 through 2007 was 5.75 percent. Cheap money risks creation of overvalued assets. The most visible indicator of that phenomenon is the stock market which prior to the early February correction was priced at all-time high P/E ratios. Few times in history have investors paid more for company earnings.

With the Fed beginning to unwind its QE programs concurrently with a now-growing economy, interest rates are bound to rise. The era of extremely low interest rates is over. But its legacy may be painful as highly-leveraged businesses, investments, and ventures come a cropper as rates increase.

The Fed’s dual mandate is maximizing employment while stabilizing prices. That goal requires a high-wire balancing act in the best of conditions. Complicating the situation is the recent \$1.5 trillion tax cut. Intuitively more money from lower taxes in business and consumer pockets will stimulate purchases of equipment, homes, and other goods and services. If those funds are invested in cost-saving productivity improvements, rate increases can be subdued. On the other hand, if such spending results in unacceptably higher inflation, the Fed will push rates upwards as was done in the early 1980s. *Just how much and when are the questions that cannot be answered with certainty.*

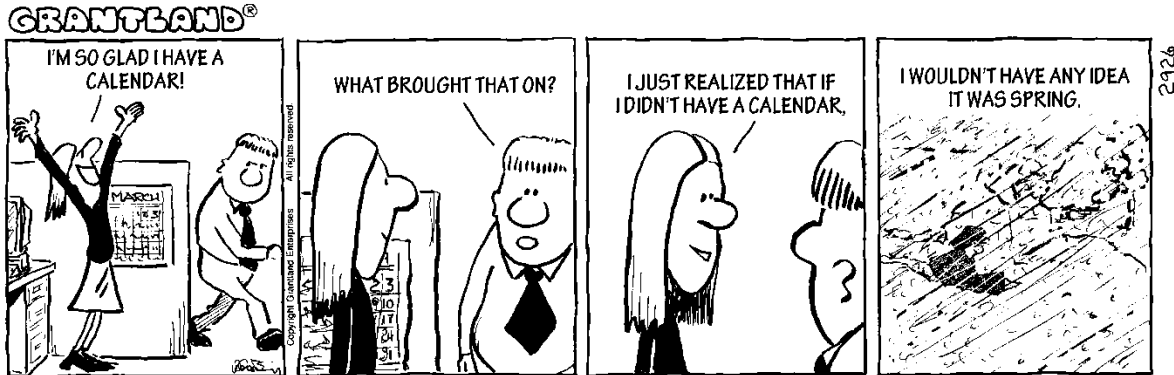
Bottom Line: Since 2009 the Fed has been unable to achieve the 2 percent inflation rate deemed to be appropriate for a healthy economy. This inability fails to engender confidence that a panel of academicians alone can effectively manage the economy by tweaking the dials of monetary policy. As noted in last November’s *Update*, the global economy is entering uncharted waters. The February 10th edition of *The Economist* said “Whether the outcome is boom or bust, it is going to be a wild ride.” Keep all ten fingers crossed and your magic talisman close at hand.

Hardwood Floors deemed 'essential' for seasoned buyers

In a recent poll conducted by the National Association of Home Builders, first-time and second-time+ home buyers were asked to disclose which features were an absolute MUST in their next home.

Top items for first-time buyers included a living room, laundry room, dining room and garage storage. Second-time+ home buyers shared those same wants, and more. Their list of "essentials" included hardwood flooring. Great news for this industry!

To see what else made the list of "essentials," visit NAHB's "Eye on Housing."



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