

THE LOG

December 2020 / January 2021

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Letter from the President

2020 Has Taken A Toll

Although the 2020 winter meeting was only a year ago, with everything that has since taken place, it feels much further removed. This roller coaster of a year has had a lot of unknown, a lot of closures, lockdowns and events cancelled, including our very own annual summer golf outing. Although missing all these events seemed to be a bummer to some and a letdown to others, they are mainly things that will once again return someday.

Unfortunately, much larger losses have also come our way in 2020 with the passing of multiple icons in our industry in the lake states region. I would like to pay tribute to these individuals for their contributions to our industry and everyday lives. In June, we had the passing of Phillip "Butch" Kersten of Kersten Lumber and Woodstock Flooring and Design in Wisconsin. In October, we endured the losses of Richard "Dick" Krawze of Pine River Sawmill in Wisconsin and Gerald Ort Sr of Tigerton Lumber and Aacer flooring in Wisconsin. In November, more losses with William "Milt" Cole of Cole Hardwoods in Indiana and Tom Casperson, former Senator and LSLA supporter from Michigan.

2020 may be a year a lot of people would like to forget, but all the wonderful influences these individuals left on our industry and our personal lives along with any other losses suffered this year will not be forgotten.

Rob Paradise
Devereaux Sawmill
LSLA President
rob@devereauxsawmill.com



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 THE SUSTAINABILITY OF OUR FOREST RESOURCES**

**LSLA CALENDAR
 OF EVENTS**

2021 Winter Meeting has been cancelled
 2021 Summer Golf Outing will be scheduled

2020 LSLA BOARD OF DIRECTORS



Back Row (left to right): Rob Paradise (Devereaux Sawmill), Pete Johnson (Granite Valley Forest Products), Fred "Butch" Fisher (AJD Forest Products), Colten Heagle (Northern Capital Insurance Group), Jake Divine (LSLA Administrative Coordinator)
 Front Row (left to right): Larry Krueger (Krueger Lumber), Steve Peters (Rockland Flooring), Dennis "Gus" Gustafson (Besse Forest Products), Jennifer Lu (WI DATCP), James Maltese (Stella Jones Corp).
 Not Pictured: Kirby Kendrick (Kendrick Forest Products)

Photo courtesy of Zach Miller, Miller Publications.

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REAL HARDWOOD PROMOTION COALITION UPDATE

By James Maltese - LSLA Secretary & Representative to the Coalition

As we move into the New Year the Real American Hardwood Promotion Coalition will soon have some exciting news to share with the industry. This year has been full of ground breaking research, industry efforts and collaboration to further advance the RAHPC. Within the last few months the executive committee finalized the logo, brand statement, and has been working adamantly with the marketing team to construct a long-term plan. Additionally, special task forces were created to focus on specific areas of the Coalition and ensure all aspects of the industry are being represented. Those task forces include, a Structure and Mission Task Force, Funding, Promotion and Marketing, and Association and Business Engagement Task Force.

As 2020 has created some major obstacles in our normal day-to-day activities it has not slowed down the dedication and efforts of the RAHPC. The executive and advisory committee is quite thankful for all of the industry input and most importantly the association's support throughout this year. Stay tuned and eager for the RAHPC in the near future.

Jim Maltese
RAHPC Executive Committee
LSLA Board Member



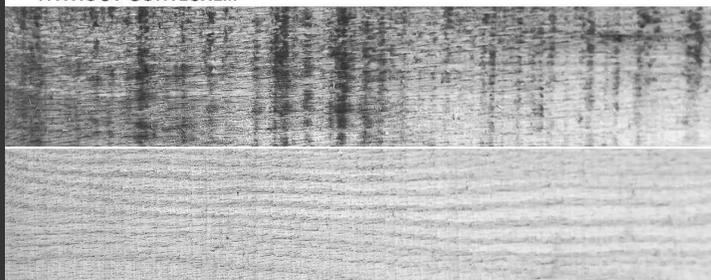
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A MESSAGE FROM THE MI-DNR, David Neumann, MI DNR

Industry Update – Week of November 23, 2020

Market demand for finished products in Michigan appeared to improve significantly in the month of October, and first half of November for many primary manufacturers in Michigan's Upper and Northern Lower Peninsula. The following is an industry update for the month of October and first half of November, summarized from conversations Michigan DNR utilization & marketing program staff had with 12 of the 20 sawmills, paper & composite board mills in Michigan that receive the majority of MDNR timber, plus five logging firms. Fewer responses were received for this update, mostly due to the timing – at the beginning of deer-rifle season.

Common themes in this month's responses:

- Markets for industrial lumber and grade lumber seem to have improved compared to this spring and summer– mostly on the strength of domestic sales, although exports have picked up a bit.
- Most mills are running at ~¾ to full capacity – mostly limited by labor, not market demand for sawn/finished products.
- Log yard inventories at some mills are lower than usual due to wet logging conditions.
- Some of the loggers urged for longer contracts on wet sites and winter-cut sales.
- Also, respondents said DNR staff are working well with them on sales and encouraged us to expedite posting of prepared sales.

Details:

- Ten sawmills, two composite board plants, 5 logging firms, and one biomass power plant provided updates for their companies for the month of October and first two weeks of November 2020.

- Of Michigan's five composite board plants, only two responded. One was running at full capacity and finished product demand and sales prices were very good. Wet operating conditions have restricted roundwood deliveries however, and their log yard inventory was low.
- Arauco continued to its planned production ramp up schedule and was operating at 80% of full capacity. Randy Keen says the mill is running well, and staff have been coping well with the pandemic. Their biggest issue right now is replacing staff – normal staff turnover has resulted in some vacancies that haven't been re-filled due to a pause in hiring this summer as part of their COVID-19 response planning. Now they're resuming their hiring process.
- Verso's representative did not respond in time for this report.
- The four largest softwood sawmills in Michigan were not polled but are expected to be running at full capacity. Two have been in contact and encourage the DNR to expedite RP sale offerings.
- Ten hardwood sawmills were contacted – six industrial lumber-oriented mills and four primarily grade lumber-oriented mills. Most said that prices and demand have improved for their products.
- Most industrial lumber products appear to be moving well, although some reported difficulty moving stockpiled cants. Five out of the six industrial lumber mills say they were operating at reduced production levels, ranging from 70% to 90% of normal capacity, mainly because they can't hire enough workers. One mill said they were operating at full capacity and is still short on labor.
- The hardwood grade lumber mills that responded (4) said they were running at 90% to full capacity, and that demand and prices have improved for most species. Red oak prices are still low compared to previous years,

Continued on next page

MI DNR (CONT'D)

but most products are moving well, mostly on strength of domestic sales. Exports have started to pick up.

- Some mills say they're still having difficulty moving bark residues, others are doing ok.
- Grayling Generation Station began generating power on Nov. 9, and will undergo performance testing over the next month, and begin burning down stockpiled old fuel. GGS expects to resume new fuel receipts in January.
- All logging firms note excessive wet conditions in the woods making harvest access and harvest activities extremely difficult across most of the entire state. Markets for round wood products are rising in both prices and volumes needed. Sluggish log production in the UP due to a lack of markets for pulpwood. Producing sawlogs without a home for the pulpwood from the rest of the tree isn't feasi-

ble.

- Loggers continue to urge for longer contracts on wet or winter cut sales. Two firms noted that the extra room to bid on sales was appreciated and they looked at and bid on more sales than previously.

Overall – it sounds like things have improved a bit for the industry, and that some businesses are still recovering from COVID-19-related market impacts.

Please contact Brenda Haskill at haskillb@michigan.gov or Dave Neumann at neumannnd@michigan.gov with any questions or comments.

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Wisconsin Election Update Report

By Amy Boyer, WI Legislative Consultant

Republicans Maintain Control of State Legislature

The November General Election held few surprises as all 99 members of the State Assembly and half of the 33 Senate seats were up for re-election this cycle. Assembly Republicans lost two incumbents and held all previously held Republican seats resulting in a **61-38** majority. Incumbents Rob Hutton (R-Brookfield) and Rep. Jim Ott (R-Mequon) lost their re-elect.

Senate Republicans meanwhile picked up two seats while defending all incumbents. Senate Republicans look to come back **21-12**. Rep. Rob Stafsholt (R-New Richmond) defeated incumbent Sen. Patty Schachtner (D-Somerset) in the 10th Senate District and Republican Eric Wimberger defeated Democrat Jonathan Hansen in the open 30th Senate District in the Green Bay area. Democrat Brad Pfaff has defeated Republican Dan Kapanke in the open 32nd District in the LaCrosse area.

First-term Democrat Governor Tony Evers was not up for re-election. His term expires in 2022.

Senate Leadership Changes

Senate Majority Leader Scott Fitzgerald (R-Juneau) easily won election to the US House of Representatives filling the vacant 5th WI Congressional District vacated by long-time Republican Jim Sensenbrenner. Fitzgerald has served as Majority Leader since 2011 and Minority leader before that.

Leadership elections were held on November

6 and Senator Devin LeMahieu (R-Oostburg) defeated Senator Roger Roth (R-Appleton) after three tie votes.

Following are the remainder of Senate Leaders:

- Senate President - Chris Kapenga (R-Delafield)
- Senate President Pro Tempore – Patrick Testin (R-Stevens Point)
- Senate Assistant Majority Leader – Dan Feyen (R-Fond du Lac)
- Senate Caucus Chair – Van Wanggaard (R-Racine)
- Senate Caucus Vice Chair – Kathy Bernier (R-Chippewa Falls)

Assembly Leadership elections remained virtually the same as Speaker Robin Vos (R-Burlington) survived a challenge from Rep. Rob Brooks (R-Saukville). Jim Steineke (R-Kaukauna) remains Majority Leader and Tyler August (R-Lake Geneva) remains Speaker Pro Tempore.

EMAIL ADDRESSES

LSLA frequently sends out to its members important announcements and information about meetings, educational opportunities, legislative matters or events of interest to the forest products industry. Email is the most effective method of communicating this information fast and efficiently, and ensures members' ability to respond to time-sensitive matters.

If your current email address is listed in the Buyer's Guide and you haven't been receiving emails from Lake States Lumber Association, please make sure that your email is not blocking emails from lsla@lsla.com or that emails from us aren't being tossed into the junk mail folder.

If your current email address isn't listed in the Buyer's Guide and you would like to receive update information from us, please contact us, and we'll put you in our email address book. If your email address has changed, please notify us so that you don't miss out on any important news.

Michigan Legislative Report

By Scott Everett, MI Legislative Consultant



Casperson 'Fought The Good Fight Until The End'

Former Michigan Senator Tom Casperson passed away on November 29.

The Friday before-- he was on a backhoe, fixing a road. But by the end of the day, his faltering health condition worsened. Those around him knew the end was near. After a two-and-a-half-year battle with lung cancer and a recent bout with pneumonia, Casperson died on Sunday, surrounded by friends and family, at the age of 61.

Casperson was a trailblazer for Michigan Republicans in the Upper Peninsula, winning the Delta/Dickinson/Menominee county seat at a time the GOP didn't win anything north of the bridge. Four weeks before his landmark win in 2002 Republicans had pulled the plug on Casperson's caucus campaign funding after they concluded he couldn't win. His answer, "Well, I'll just have to work harder," He defeated Laurie Stupak, the wife of then-U.S. Rep. Bart STUPAK by 1,024 votes.

Casperson became a fixture in Lansing for 14 years, as the former log hauler with a passion for the timber industry, natural resources and challenging environmental groups with reality and common sense. Along the way, he chaired the House and Senate Natural Resources and Transportation Committees and sponsored 118 bills that were eventually signed into law.

A state elected official-- coming directly out of and from the timber industry isn't something that comes along everyday. Tom Casperson's service was and is greatly appreciated by the LSLA.

A memorial fund has been established in the name of Tom Casperson to benefit the Northern Michigan University Truck Driving School. Checks in his honor can be made out to NMU Foundation, 1401 Presque Isle Avenue, Marquette, MI 48955.

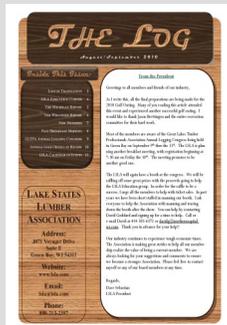
Enbridge Files Suit To Block Shut-Down Of Line 5

Enbridge Inc. filed suit in federal District Court recently seeking an injunction to prevent the state from shutting down the operation of dual Line 5 pipelines in the Straits of Mackinac. The attempt to shut down Line 5 interferes with the federal regulation of pipeline safety and burdens interstate and foreign commerce in clear violation of federal law and the U.S. Constitution, the company stated in a press release.

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HARDWOOD FEDERATION UPDATE

BY Dana Lee Cole—Executive Director, Hardwood Federation

ELECTION 2020

No matter your political persuasion, the seemingly endless 2020 Election is over. Now the votes are cast, and the people have spoken, although it took some time to figure out exactly what they said. Regardless of how your preferred candidates fared, we as a country will go on. And the Hardwood Federation will continue to work across the aisles in our nation's Capital to move legislation that supports the U.S. hardwood industry and defend against policies that threaten to harm our sector.

While most professional pollsters in the days leading up to the elections predicted a Democratic wave to take the White House and the Senate, as add seats to the Democratic majority in the House, it appears that voters had other ideas. The election was much closer than expected. It appears, but not yet confirmed by a formal vote of the Electoral College (scheduled for December 14), that former Vice-President Joe Biden will be sworn in as the 46th President, but it was a much tighter race than expected. Republicans unexpectedly gained seats in the U.S. House of Representatives, but Democrats will retain control of the House; however, they will have the smallest majority since World War II which will make for some interesting policy maneuvering for their leadership.

The Senate will remain in Republican hands, although only very narrowly, until at least early January when both Georgia Senate seats head for a run-off election. Election trends and history seem to point to Republicans maintaining at least one, and probably both seats, but this is not a guarantee in the least. Should both seats go to the Democrats, this scenario will change and Democrats will have control, but only by virtue of the tie-

breaking role held by incoming Vice President Kamala Harris. All eyes will be on Georgia until the election and it is anticipated that it will be the most expensive Senate race in history. It is important to keep in mind that, whoever controls the Senate, the party's margin will be very slim. Typically, 60 votes are needed to move legislation in the upper chamber which requires opposing party support to pass any legislation. There are parliamentary ways around this, but historically the 60-vote requirement has been honored. In order to move any legislation, some compromise, on both sides, will be necessary. We will again most likely be working with a split government with both parties exerting some control over pieces of the legislative process.

The first order of business in the new year for the Hardwood Federation staff will be to connect with new Members of Congress and the Administration to educate them about the U.S. hardwood industry and its contributions to the economy at both the state and federal levels. We have at least 7 new U.S. Senators to touch base with and roughly two dozen new House members.

We also need to re-connect with returning Committee Chairs and make ourselves known to new leadership. Identifying those in positions to help us, what points of agreement exist and who we need to win over to our way of thinking are at the top of our to-do list. A couple of key Committee Chairs that we know will be new are on the House and Senate Agriculture Committees. Rep. Collin Peterson (D-MN-7) lost his reelection bid after decades in the House. He shepherded a number of Farm Bills and he and his staff knew our sector quite well. The silver lining is that the three House members vying for his post are Jim Costa (D-CA-16), Marcia Fudge (D-OH-11) and David Scott (D-GA-13).

Continued on next page

HARDWOOD FEDERATION UPDATE (CONT'D)

Representative Costa is moderate who always comes to the Hardwood Federation fly-in breakfast and knows us well. Likewise, Representatives Scott and Fudge are both big hardwood states and knowledgeable about hardwood issues.

In the Senate, should the Republicans maintain control, Pat Roberts is retiring and on track to replace him as Chair of the Agriculture Committee is John Boozman (R-AR). Again, Senator Boozman is a longtime friend of the hardwood industry and would make a fantastic choice to lead this key panel. Another big change is on the Senate Energy & Natural Resources Committee where Senator Lisa Murkowski (R-AK) is ending her term as Chair. Slated to replace her is Senator John Barasso (R-WY). This committee is critical for us as it takes the lead on federal forest management and most natural resource policy issues.

Should Democrats take control, Senator Debbie Stabenow (D-MI) will most likely return to head up Agriculture and Senator Joe Manchin (D-WV) would serve as Chair of the Senate Energy & Natural Resources Committee. The Federation has great connections with both and have worked with them and their staffs over the last several years. They are very aware of our industry's issues and have been helpful in the past.

At the height of the 2020 Presidential campaign season, the Hardwood Federation Board of Directors developed a list of priorities for the new Congress. Our key issues include supporting measures to increase global and domestic demand for U.S. hardwood, recognize the benefits of active forest management on public lands and the sustainability of energy produced from woody biomass, combat illegal harvest of hardwoods

around the world, and enact tax systems that support small and medium sized business. This list serves as our starting point for advocacy efforts and will be shared with Administration officials and with Senate and House leaders. It will guide our outreach efforts over the next few years, although it should be considered a live document, always changing as the political environment evolves.

Elections are a powerful reminder of why organizations like the Hardwood Federation exist and are important to you as a leader in the Hardwood industry. Although elected officials, administrations and political appointees may come and go, it is critical to have consistent representation in Washington D.C. to represent your interest no matter who sits in the White House or speaks from the House or Senate floor. We remain dedicated to pushing federal policies that help sustain and grow the Hardwood industry in the United States and look forward to reconnecting with returning Members of Congress and educating those new to Washington.

MEMBERSHIP DUES & BUYER'S GUIDES

2021 Membership Invoice and Buyer's Guide Listings have been mailed out. Please complete the forms and update information. Return to our office with payment by January 11, 2021.

STETSON
HARDWOODS

Bob Bernklau - President
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WHERE IS DAVID BRADLEY?

David Bradley has been enjoying his time in quarantine and had a low key Thanksgiving. He's been practicing social distancing the fun way by going for rides in the valley in his Jeep.



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