

Timber Talk

Vol. 8 No. 6

November /
December 2006



Inside This Issue

As I See It
Ask the Forester
State Capitol Tree
Coop Progress
A Legislative Look

*Timber Talk is a bimonthly
newsletter of the Michigan
Association of Timbermen*

7350 M-123
Newberry, MI 49868
906.293.3236
Fax: 906.293.5444
ask@timbermen.org
Visit us at
www.timbermen.org

From the Field

By Tom Barnes, Executive Director

I don't even know where the fall went, it seems like just the other day I was writing about my late summer activities and here I am now well into November. I am really starting to believe there are not enough hours in a day to accomplish everything. I hope all of you had a safe deer opener and a joyful Turkey Day with your families and friends.



Now, on to my report. Forest Insurance Center Agency, MAT-Self Insurers' Fund and the Timbermen (MAT) shared booth space in Green Bay during Logging Congress. The weather cooperated fairly well with attendance reflecting the nice weather. I was glad to be able to visit with many members and sponsors of our Association. Much of the talk centered on the co-op efforts we are investigating. Logging Congress is a good opportunity for us to network with our peers and also spread the word about sustainable forest management to those individuals who are not that familiar with our profession.

MAT Board Members, Jim Maeder, Roger Carroll, John Binegar and I meet with Ken Rauscher and Gary King of Michigan Department of Agriculture to discuss the proposed revisions in the Emerald Ash Borer Quarantine. We have had a good relationship with both gentlemen and took the opportunity to express our concerns with the county to county restrictions in the 46 counties surrounding the Southeastern 21 counties that were initially infested as well as our displeasure with the chip size restriction of less than one inch on two sides.

MDA's meetings with MAT and other organizations have resulted in the dropping of the county to county restriction as well as the removal of the need for shipping documents within a Quarantine Area. However, to move from one quarantine level to another you will need shipping documents and compliance agreements. We will continue to build this relationship and work with MDA to help slow the spread of this nasty pest.

I attended a Forestry Education Conclave in Tustin. The meeting was attended by various organizations that have an interest in the management of natural resources. The initial objective was to share what each organization is doing as far as forestry education and then to see how we can share this information amongst the groups.

We held our second co-op meeting in Iron Mountain and our third in Battle Creek. These meetings followed the general format of the Gaylord meeting. I gave a summary of each of the meetings to the participants. A twist to the Battle Creek meeting was two individuals from a company called Aganol Biorefineries joining us. I had been in contact with Aganol since early September however, was asked to keep our conversation confidential. Aganol is interested in establishing a cellulosic ethanol plant in Michigan. Specifically they were interested in purchasing the GP plant and converting it for ethanol production. There is an Aganol facility in Spring Hope, NC where they hope to be producing ethanol from wood by February of 2007.

Brian Nelson (MAT Director) and I attended the American Logger Councils Annual Con-

Continued....

ference in Kalispell, MT. This is always a good convention to renew old friendships and keep connected to what is happening in other areas of the country. Much of the discussion involved alternative fuels and co-ops. Currently, Minnesota and Wisconsin are establishing co-ops to produce wood pellets. The southern states were also very interested in co-ops.

I addressed the ALC Board concerning our interest in reforming the child labor laws. This issue received great support from the board and attendees. Danny Dructor, Executive Director of the American Loggers Council (ALC), indicated that the upcoming farm bill would be where we could try and make this change. I was asked by South Carolina's Association to come and speak at their annual convention in January. They asked if I would discuss what has happened to our markets and what we are doing to try and improve our forest industry here in Michigan.

Brian Nelson and I attended the Renewable Energy Conference in St Louis, MO. We met up with Danny Dructor who had been contacted by officials in DC requesting ALC's presence at this conference. Needless to say, the focus was primarily on corn ethanol. Much of the exhibits centered on forest biomass however, there were no presentations about wood to ethanol production. Danny asked me to write an article for the *Eagle*, ALC's publication. The highlight of the trip was being addressed by President Bush. President Bush did mention the need to look towards alternative feedstocks, such as wood chips.

Late this past summer I submitted letters to the Forest Service requesting intervenor status on several of the appeals filed against our three national forests. I was successful in getting intervenor status on all but two appeals that we filed. After being granted our status I spent time responding to aspects of all the appeals. I'm confident we will be able to be part of any negotiations that may come in the future in regards to these appeals.

I have to say, I have put a lot of time and energy into the co-op effort. I'm happy to report that we have received tremendous support from the membership as well as others. The Steering Committee consists of 12 individuals from around the state. We had another Co-op meeting in Grayling late in October. John Toupalik of Aganol, explained what they are working toward and how the co-op may be involved. There were roughly 70 people in the audience and the two hours were filled with very good questions and discussion. I asked the group at the end if they wanted the Steering Committee to conduct a survey and feasibility study; the majority of the group was in support. Tom Trimmer (USDA Rural Development) and I drafted the survey and we mailed it out in early November. The MAT staff will compile the data and provide it to the Steering Committee.

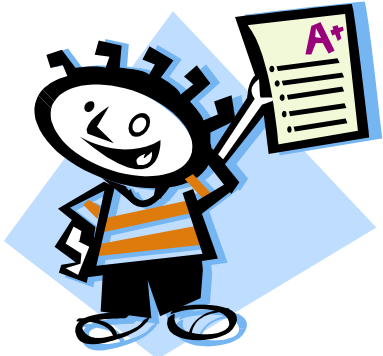
I have also been contacted by another group who is trying to put a cellulosic ethanol plant in the Baldwin area. They have invited me to participate in one of their weekly meetings.

There are so many things happening in Michigan right now. I will do my best to monitor the activities and keep you informed. As always, please do not hesitate to contact me with your questions or concerns.



Jess Birtcher Scholarship Fund

Applications
available now at
www.timbermen.org



Can't They See for Forest Through the Corn Fields?

A review of the Renewable Energy Conference, by Tom Barnes

In mid-October, a renewable energy conference was held in St Louis at the request of some of our friends at the USDA Forest Service along with some other agencies. The American Loggers Council (ALC) had a small showing of participants including Danny Druator, Executive Vice President of ALC, Tink Birchem of Birchem Logging, Inc., Brian Nelson, Michigan ALC Director/MAT Director, and myself. Also joining us was Heather Ross of Renewable Resource Solutions located in Wisconsin. Another friendly face in attendance was Andrew Bonde, Manager of Forestry Marketing for John Deere.

The conference was titled "Advancing Renewable Energy", we were all optimistic about the program contents and curious to hear what role forestry is expected to have in the advancement of renewable energy. The slate of speakers was very impressive with President Bush as our keynote speaker.

During the morning plenary session a brief history of ethanol was given. I was surprised to learn that Henry Ford's Model T was a flex vehicle, able to run on either ethanol or gas or a combination of both. Mr. Ford recognized the potential of ethanol during the development of his model T. Prior to World War II, the production of ethanol reached 160 million gallons but following the war oil was discovered in the Middle East and bio-fuels were no longer competitive. I guess I never realized that our early cars relied on ethanol and that we were producing relatively large amounts of ethanol. The 1970's oil embargo was also mentioned and the push for alternative fuel was again brought to the forefront, however, oil prices declined and society accepted the higher gas prices. This acceptance of higher fuel cost pushed alternative fuels back into the shadows.

Mike Johanns, Secretary of the US Department of Agriculture, spoke about the reasons for and benefits of renewable energies. Renewable energies are environmentally friendly, will reduce our dependency on foreign oil and will help stimulate business in rural America. Secretary Johanns said our advancement in technology is increasing the "bang for our buck", methanol is now being created from animal waste. Biomass products are expected to replace oil based products like lubricants and plastics.

He went on to talk about the market investment of corn ethanol. Six years ago, fifty-four corn ethanol plants were in production producing less than 2 billion gallons per year. Currently, 100 plants are in production producing 5 billion gallons per year with 44 more plants under construction. These developing plants will add an additional 3 billion gallons. Again, these are all corn ethanol plants. Roughly fourteen percent of all corn produced is going to ethanol; this will increase 20% over last year's production. The production of bio-diesel has increased 8 times over the past few years from just 10 plants up to 86 plants and 78 plants are either being built or remodeled, increasing the production capacity to nearly 2 billion gallons.

Secretary Johanns indicated that current ethanol will be competitive with foreign oil if the price of oil stays above \$30 per barrel. I got the impression from his comments that there is a strong push to increase production and maximize corn ethanol production making it a sustainable and viable commercial product. This raises the questions — Is a resource that is planted annually sustainable? Or is a naturally regenerated one? How can an annual plant be sustained?

Secretary Johanns did discuss cellulosic or biomass energy potentials. The USDA Forest Service has a program called "Fuels for Schools" where schools are converting to wood heat. This program is targeting high fuel areas or high fire areas such as the West and Northwest. It is a drop in the bucket as far as utilizing wood for alternative energies. He stated that \$17 million are available to fund biomass research and demonstration projects. The question I have is, What feedstocks are they going to look at? Sam Bodman, Secretary of the US Department of Energy commented that the goal is to make cellulosic cost effective by the year 2012. I question if we are really that far away or is that to make corn stoves cost effective in this time frame. I don't think they can see the forest through the corn fields.

Many more experts spoke on renewable energies, the need for and future of. However, they all revolved around row crops. The only exception to this point of the conference was the reference to "Fuels for Schools". I kept thinking to myself, Who will be the first speaker to discuss wood as a possible feedstock? So far the morning plenary session was biased to corn ethanol and I'm not sensing a change in direction. Brian and I hadn't met up with the others yet so I was wondering if their impression of the meeting was the same as mine. When we met during the break we found our thoughts were similar. To be honest we were starting to wonder why we were even attending this conference.

Vinod Khosla spoke about the need to move towards greater ethanol use in the United States. Mr. Khosla presented an action plan that he would like to see implemented for us to remove our dependency on foreign oil. This plan had three components: Require 70 % of all cars be flex fuel vehicles; Require E85 at 10% of all gas stations for companies with more than 25 stations; Make VEETC credit available with oil prices providing protection against price manipulation in order to reduce subsidies.

Continued on page 6...

Can't They See the Forest continued....

Mr. Khosla stated that the country of Brazil went from 4% flex fuel vehicles to 80% in 3 years! Vinod said it cost roughly \$34 to convert a gasoline engine to a flex fuel engine. He also talked about different feedstock's for ethanol and pulled a little vial out of his pocket saying, "This is ethanol produced from wood chips". He spoke of the need to look at feedstock's other than corn. Finally someone who is willing to go against the grain (pardon the pun) and mention wood as a viable feedstock.

The US is not the only country relying heavily on foreign oil. China is the 2nd largest importer of oil with the 3rd largest car market. China has pledged to double their alternative energy needs by 2020. Another country pledging great strides in the utilization of ethanol is Sweden. They have required that 60% of all gas stations will offer E85 by 2009. Wal-Mart has issued a bold statement that they will offer E85 at all their gas stations, however no deadline was given.

I could continue regurgitating information that was presented at this two-day conference, but I won't subject you to the disappointment that we felt during this meeting.

Moving on, the break-out sessions were more discussion on corn and soybean bio fuels and wind power. The push is to genetically alter corn to increase its energy output. A comment was made by a state representative that he can't wait till the farmers look at their fields for the energy potential. It is estimated that production will reach 300 bushels of corn per acre in the future. Once this happens, where is our grain to feed our citizens going to come from?

Several of us submitted questions for the panel to address. I'm sure you can imagine our surprise when none of them were addressed. I became so frustrated I left the session early, to my surprise others had left the break-out session as well because of the absence of wood in the discussions. We each expressed our displeasure related to the lack of support for or even discussion of wood as a feedstock to representatives from the Forest Service. I believe they knew this conference would be heavily biased to corn and soybeans. Perhaps they wanted us to experience it first hand to see what challenges lay ahead of us in this area.

I don't recall who it was that told me, 'don't worry about what **is** said, rather worry about what **isn't** said.' That is very true and this conference is a good example. It is very apparent that the agricultural community has the ear and support of government agencies regarding ethanol production. The playing field is not level, hell we are barely even seen as spectators. Our industry is at a real disadvantage because we are not viewed as agriculture. We don't receive the same benefits that farmers receive and this has to change! The Farm Bill will be up for debate and we must have our voices heard!

The bright spot of the trip was the confirmation of President Bush being our Keynote Speaker on Thursday. Had he not been the Keynote Speaker, I'm pretty sure Brian and I would have left the conference early. His address focused on the need to shift to alternative fuels and power to reduce our dependency on foreign oil. He spoke about looking at alternative feedstock's and mentioned wood chips and residue. This invoked applause from the forestry representatives and we were quickly joined by the rest of the group. This left me with a glimmer of hope that forestry is showing up on the President's radar screen.

Think about who was at this meeting from our government agencies, Secretaries of Agriculture and Energy, Under Secretary for Rural Development and Chairman of the USDA Energy Council, CEO's and most importantly President Bush! I feel it is safe to say that the agricultural communities have the ears of those presenting at this meeting. This is not a bad thing, however when looking towards the future of cellulosic ethanol we have to look past row crops for feedstock. As I said earlier, I don't think they can see the forest through the corn fields.

The spirit of our group was pretty low; to say we were disappointed would be an understatement. I think we need to use this disappointment to fuel our effort to have our voices heard in regards to the advantage of using woody biomass as a feedstock. Many ALC members are looking at investing in production facilities to utilize our forest resources by producing either pellets or ethanol. Currently, the future of ethanol production is based on traditional agricultural crops such as corn and soybeans. Forest residue is a faint blip on the ethanol radar screen. The challenge is before us. It is time we become more aggressive in getting our message heard by our legislators and the world.

Ask The Forester



Q: How do I know if my trees are hardwood or softwood?

A: The terms "hardwood" and "softwood" come from old logging camp rules of thumb. A tree was often designated as one or the other based on its resistance to sawing. Of course there are exceptions to the rule. Balsa for instance, while considered a hardwood, is one of the lightest woods. So then, how can you be sure of the type?

The determining factor actually comes down to the way a tree reproduces, or the seed structure. Softwood trees will have a bare seed that falls to the ground and is often carried by the wind spreading the seeds over a large area. Hardwoods on the other hand have a seed that is covered in some way. It may be in the form of a nut or even a fruit.

Typically, a hardwood tree will lose its leaves each year and is classified as a deciduous tree. A softwood is going to be an evergreen keeping it's needles all year.



Forest Industry Co-op Development Continues

By, Jan Hamill

Things are moving right along with respect to the development of a co-op for the forest products industry. Preliminary meetings were held in Gaylord, Iron Mountain and Battle Creek. During those meetings, Tom Trimmer from the USDA Rural Development, showed a brief film outlining co-op development. Mr. Trimmer, an expert on the development of co-ops, explained that the possibilities are endless. The most important step is getting all members committed to utilizing and remaining loyal to the co-op. The video stressed how important it is to survey potential members and interested parties. Once this has been accomplished it should be followed by a feasibility study. It is critical to move slow, collect experts in the chosen field, and hire an attorney to ensure all the correct steps are taken. During these meetings, volunteers were asked to join the steering committee.



sibility study. The majority were in favor. Barnes explained that this is just one option for the co-op but there are endless others. Some possibilities discussed at all the meetings were the introduction of fuel stations across the State, therefore buying in bulk and costing member less. Additionally, tires, parts and many other products used in our industry could be bought at a discounted price.

The first steering committee was held in Grayling on October 26th, before the 4th informational meeting. During this meeting, the steering committee members were introduced and offered their expertise, ideas, comments and questions. While some on the committee had years of experience with finances, others offered their time to research possible grants and the structure of other successful co-ops already in operation. Currently, the steering committee members include Tom Barnes, Jan Hamill, David Wright, Matt Langeler, Rick Maeder, Tammy Labouef, Warren

Suchovsky, David Whittaker, Ken Laubon, Dave Stephenson, Roger Carroll and John Binegar. Questions, comments or ideas can be directed to any of the above.

A survey was recently mailed in effort to get ideas and comments from our members. The Michigan Association of Timbermen is in the process of compiling the results for the steering committee. Once the information has been collected the committee will determine what direction to move in with the development of a co-op.

We are looking ahead to a hopeful future in our industry and we urge everyone to get involved. Many great minds working together will ensure a successful opportunity.



During the 3rd informational meeting in Battle Creek, Mr. Vic Kramer, owner of Aganol Biorefineries located in Spring Hope, N.C., and Mr. John Toupalik, Manager of Aganol, joined the group. Their interest was in assessing the possibility of the co-op providing wood to an ethanol facility they are seeking to open. Because so much interest was shown, the Aganol representatives decided to return to Michigan for the next meeting held in Grayling on October 26, 2006. The attendees took a great deal of interest in the Aganol venture and were full of really great questions. After his presentation, Mr. Toupalik stated that the goal of Aganol is to buy primarily from the co-op believing this would create a win-win opportunity for all.

Tom Barnes, Executive Director of the Michigan Association of Timbermen, then asked for a show of hands of those who in favor of conducting a fea-

'Tis the Season...

We are excited to find out that the tree gracing the lawn of our State Capitol in Lansing is once again able to be called the 'State Capitol Christmas Tree', rather than 'Holiday' tree.

This year, we traveled to the far west end of the Upper Peninsula to harvest the 60 foot spruce that, as described by Stacy Welling of Governor Granholm's office, "Stands strong and proud like our troops" on the Capitol Lawn in Lansing. This year's tree was nicknamed the "Freedom Tree" in honor of our troops and veterans. As Ms. Welling put so well, we are fortunate to be here with our families because not everyone has that privilege.

The tree, donated by the Valencia family of Hancock, MI, was harvested on November 1st. It proved to be a very cold and windy day, but even in spite of the weather the cutting ceremony was still attended by over 150 people. Guest included several local and state officials as well as some of the local school children.

Each year the Michigan Association of Timbermen spend many hours organizing the harvest working closely with the State of Michigan. However, without the many volunteers and donations, it would be impossible. Thank you to each and every individual and company that gave of their resources to make this event happen.

For photos, go to <http://www.timbermen.org/photos.shtml>





A Legislative Look

By Judy Augenstein

The 2008 Legislature will be led by Democrats in the House of Representatives (58-52), Republicans have maintained the majority in the Senate (21-17) and Governor Jennifer Granholm (D) has retained her post.

House Democrats have elected Representative Andy Dillion (D-Redford Twp.) as the 2008 Speaker of the House. A conservative Democratic leader who brings with him a business background in private equities and has a legislative history of taking a bipartisan approach to issues. Representative

Steve Tobocman (D-Detroit) was elected incoming House Majority Floor Leader. Democrats elected conservative Representative Michael Sak (D-Grand Rapids) as Speaker Pro Tem.

Senator Mike Bishop (R-Rochester), the son of a former senator and attorney by trade, was elected to be the Senate Majority Leader for 2007-2010. Senator Michelle McManus (R-Lake Leelanau) will serve as Assistant Majority Leader, Senator Alan Cropsey (R-DeWitt) will be the Senate Majority Floor Leader and President Pro Tempore will be Senator-elect Randy Richardville (R-Monroe).

House Republicans voted to retain Representative Craig DeRoche (R-Nov) as their leader. Representative Chris Ward (R-Brighton) will serve as Republican Floor Leader. Senate Democrats have elected Senator Mark Schauer (D-Battle Creek) as their leader. Senator Buzz Thomas was selected as Minority Floor Leader.

The electorate passed a statewide ballot proposal to require money held in conservation and recreation funds be used for their intended purposes. A ballot proposal to ban affirmative action programs that give preferential treatment based on race, gender, color, ethnicity or national origin for public employment, education or contracting purposes was passed by voters. The proposal to prohibit government from taking private property by eminent domain was passed. A measure to allow hunting of mourning doves failed as did a proposal to establish mandatory school funding levels.

2008 House and Senate committee assignments could be determined during the "lame duck" session which is now in progress. Anything and everything can happen during the "lame duck" session. Issues that have sat on the back burner for months all of a sudden get addressed and issues once expected to be addressed lose momentum. "Lame duck" session always proves to be entertaining and often productive.



As I See It—Young Guns

By American Loggers Council President Charles Johns, Hilliard, Florida

As I begin this article one thing keeps coming to my mind and that is "Where are the Young Guns"? One goal that I have on my agenda for the ALC is to encourage more participation from the younger men that have chosen logging as their profession. I will be speaking primarily to those of you that have been in business for 5 years or less.

Now a little background on those of us considered "Old School". Many of us that are considered "Veteran Loggers" are quite possibly in the twilight of our careers. I would like to think that we have helped bring about a positive change to this industry. That change has occurred because leaders within the logging profession recognized that there was something wrong. As a result men and women from many states set out to form State Logging Associations - organizations that would represent their interests whether in their industry, their local government, or on a national platform. I personally know that many of these men have given of their time and contributed tens of thousands of dollars to assure the success of these organizations.

You may read this and wonder "Why?" I'm going to share with you what I perceive to be the reason. The men I'm referring to wanted to be a part of fixing problems in our industry. They are also involved because they see the work of their State Association as well as the ALC as a "cause", worthy of their time, their money, and knowledge of the trade that they have chosen to work in.

Having said that, I want to invite the "Young Guns", the young loggers out there, to be a part of our ongoing work. You are the future of our industry. You can make the difference! The last thing I believe any of you want to see happen is decisions being made without your input.

I have been fortunate to meet some of our brightest and best people. Men and women who see a need for improving our industry. They have identified a cause. Many of these people have sons and daughters working in the family business. They have chosen logging as their life work and they want their heirs to flourish in it.

To all the "Young Guns" who read this article, let me encourage you. Don't let the work that we have initiated stop. We need your young minds, your fresh enthusiasm. Help us to realize our full potential as Professional Loggers.

Charles Johns is the President of the American Loggers Council, which represents over 50,000 logging professionals in 29 states. Charles' operations are headquartered in Hilliard, Florida. For more information please contact the American Loggers Council office at 409-625-0206 or e-mail at americanlogger@aol.com



December

- 4— DNR Open House, Shingleton
- 5— DNR Compartment Review, Crystal Falls
DNR Open House, Gaylord
- 6— DNR Compartment Review, Gladwin
DNR Open House, Grayling
- 7— NRC Meeting, Lansing
DNR Compartment Review, Baraga
DNR Open House, Roscommon
- 11—DNR Open House, Cadillac
- 12—DNR Compartment Review, Traverse City
- 13—DNR Compartment Review, Kalkaska
- 15— DNR Compartment Review, Naubinway
DNR Compartment Review, Sault
- 18—DNR Compartment Review, Shingleton
- 19—DNR Compartment Review, Gaylord
DNR Compartment Review, Atlanta
- 20—DNR Compartment Review, Grayling
DNR Open House, Newberry
- 21— DNR Compartment Review, Roscommon
- 25— MAT Office Closed

January

- 1— MAT Office Closed
- 9— DNR Compartment Review—Cadillac
- 11—DNR Compartment Review—Newberry

March

- 28—30 Cable Loggers Conference

April

- 13— Iron Mountain Loggers Conference
- 26-28 MAT Annual Convention - Sault, MI

NOTICE

Mr. William O. Blakemore, III has left the employment of the Timbermen family of companies. We wish Bill the best in his future endeavors.

- Since Bill is no longer associated with
- The Michigan Association of Timbermen
 - Forest Insurance Center
 - Mauck Insurance Agency

Our insured's located north of M-20 have been reassigned to Mr. Dave Dake.

Insured's located south of M-20 have been reassigned to Ms. Tianna Stillson or Mr. Tom Buckingham.

You may reach any of the above agents at
800-272-7805