




# SUSTAINABLY PRODUCED

— MICHIGAN FOREST PRODUCTS COUNCIL —

2015 ANNUAL REPORT





A close-up photograph of several tree trunks with rough, textured bark. The trunks are arranged vertically, and the lighting creates strong shadows and highlights, emphasizing the natural texture. A white rectangular box is centered over the image, containing the report's title and subtitle.

# RESPONSIBLY HARVESTED

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**MICHIGAN FOREST PRODUCTS COUNCIL**  
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## MISSION

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The Mission of the Michigan Forest Products Council is to provide a unified industry voice to protect, promote and sustain a globally competitive forest products industry in Michigan.

# DELIVERING RESULTS

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## LETTER FROM THE CHAIRMAN

Throughout the year we focused on creating partnerships, promoting the industry and building this organization to embrace a lasting unified voice. We promoted sustainable forestry practices, protected members' interests and sustained a competitive business climate in Michigan.

This past year had many bright spots as the state rebounded. The council delivered results on policy objectives while MFPC supported candidates did well in the November elections including, Governor Rick Snyder, who received the Tuebor Award. The Michigan SFI IC received the 2014 SFI Implementation Committee Annual Achievement Award for its effort in many areas including the Greening of Detroit,

their commitment to preserving Michigan's beauty and the importance of sustainable forestry.

As we turn the page to 2015 - 2016, our focus will now be on the future. We recognize that those we teach today will become tomorrow's leaders and we hope to provide them with a strong foundation on which to carry our values. Promoting, protecting and sustaining Michigan's forest products economy is our mission. Working together with members, experts and allies to establish the most favorable conditions for our industry is what we are driven to do.

**Ron Salisbury**  
Chairman, Michigan Forest Products Council



# LIVING INDUSTRY

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## TREES TOUCH ALMOST EVERY ASPECT OF OUR LIVES.

From lumber, tissue, packaging and paper to flooring, bio-chemicals, furniture and cellulose, trees played some sort of role in their making. Take some time to appreciate one of mother nature's most amazing natural and renewable resources.

Wood products account for nearly \$14.6 billion in annual economic activity to the state of Michigan. During the 2013 Forest Products Summit hosted by Governor Rick Snyder, he tasked our industry with increasing the export of value added timber products by 50 percent. That year, Michigan exported over \$582 million in forest, wood and paper products, ranking 10th in the exported product sector.

The total exports for 2013 were \$399 million in paper, \$154 million in wood products, and \$29 million in forestry. This does not include furniture and other wood products, which would add another \$600 million exported annually from Michigan. However, wood isn't our only focus. Our industry sustains 154,000 Michigan jobs and accounts for \$51 billion in direct and indirect annual economic activity. The forest products industry makes up 10% of the state's manufacturing sector that produces many consumer products! There are over 1,200 forest product companies that operate facilities across the state.





# BRANCHING OUT

## THE GREENING OF DETROIT

Michigan's forests are expanding in unlikely places like Detroit, thanks to the Michigan Sustainable Forestry Initiative (SFI) Implementation Committee (IC). The MI SFI IC was awarded the 2014 SFI Implementation Committee Annual Achievement Award for its partnership with The Greening of Detroit and other organizations to improve Detroit's urban forests and revitalize the city through tree planting projects.

Through the Greening of Detroit's Citizen Forester Program, volunteers plant 4,000-6,000 trees annually. The program helps volunteers to identify and plant trees that improve the urban environment, air and water quality. For now, Detroit still faces a shortage of trees but, there is an abundance of vacant land. That means there will be room for more trees and more job opportunities that support sustainable communities.





# ECONOMIC FORECAST

## MICHIGAN'S FUTURE IS LOOKING BRIGHT

Michigan's sustainable forests grow 2.5 times more wood than what is removed and the state has one of the largest fiber surpluses in the nation. As a result of Governor Rick Snyder's Forest Summit in 2013, efforts are underway to improve the competitiveness of the state's business climate. The Summit identified specific goals including, increase the forest products economy from \$14 billion to \$20 billion, increase the export value of value added forest products by 50 percent, and increase forest products-related careers by 10 percent.



**154,000**

The number of jobs supported by Michigan's forest products industry, which generates approximately \$14.6 billion annually.



# TREES BY NUMBERS

MICHIGAN INDUSTRY PRODUCTS NUMBER OF COMPANIES PER MATERIAL CATEGORY

36 Chips, Shavings, etc.

47 Specialty Woods

170 Paper and Pulp

127 Exotic Hardwoods

30 Veneer

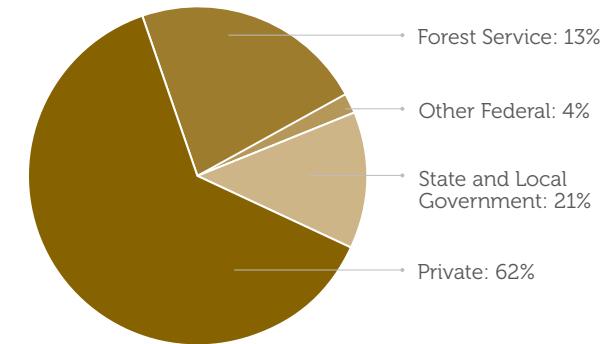
13 Metals

213 Overlays, Laminates, and Plastics

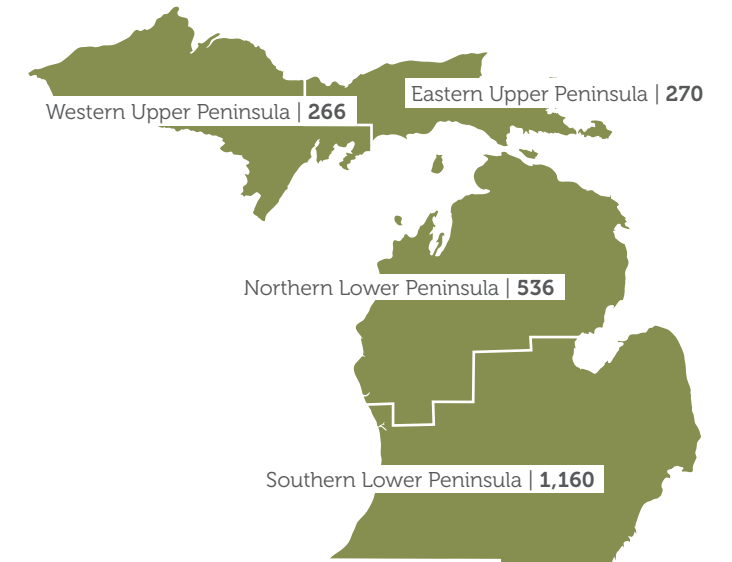
12 Adhesives

9 Upholstery Materials

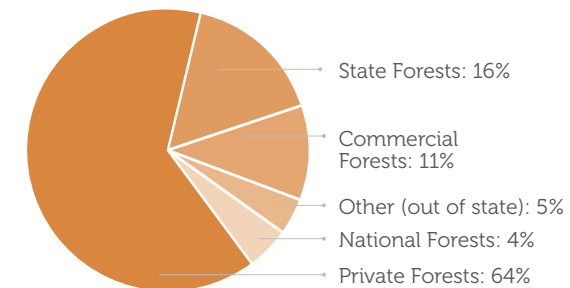
## NUMBER OF FOREST PRODUCTS COMPANIES BY REGION IN MICHIGAN



## NUMBER OF FOREST PRODUCTS COMPANIES BY REGION



## NONINDUSTRIAL, PRIVATE FORESTS: LEADING SOURCE OF TIMBER SUPPLY







# PUBLIC POLICY

## DELIVERING RESULTS FOR OUR MEMBERS IN 2014

### TALENT CAPACITY

In 2013, Governor Snyder tasked the Timber Advisory Council (TAC) to increase the forest products-related careers by 10%. In 2014, the TAC developed 4 goals to guide their efforts, including promoting and improving marketing and education. MFPC promotes this goal by working with the TAC to create partnerships with Michigan universities, high schools and career technical education centers to better promote the job opportunities in our industry through open houses, career days and FFA chapters.

### TRANSPORTATION

Members collaborated with state and local governments to improve critical fiber supply logistics, maintain truck weight limits and increase infrastructure investment. Efforts include funding to fix Michigan's roads, PA 294 of 2014 which eliminated required identification information for commercial vehicles over 5,000 pounds; the failure of HB 5452, which sought to increase permit fees for vehicles exceeding weight or size limits; and the failure of SB 1150, which would have limited the total gross vehicle weight to 80,000 pounds. MFPC continues working with partners to fill critical skilled trade gaps, promote logging and trucking job opportunities and showcase the industry's sustainable products. Voters passed Proposal 1 in 2014, which phased out the personal property tax on "eligible manufacturing property" and provided a "small taxpayer exemption."

### FIBER SUPPLY

Michigan's 4 million acres of forests is one of the nation's largest dedicated state forest systems. Record level total production (67,000 acres treated and 942,000 cords of certified wood prepared per year) generates jobs and \$50 million for the state's Forest Development Fund. Legislation helping Michigan's fiber supply included PA 507 of 2014 which modified the Michigan strategic fund to define port facilities, powers, and duties; PA 146 that extended the withdrawal penalty exemption date for a forestland owner withdrawn from the commercial forest classification; and Rep. Dan Benishek's (R-MI-1) block of a proposed tax increase on timber income for landowners. Actions like these helped increase the state forest fiber supply volume over the past 20 years.

### ENERGY – COST, RELIABILITY & CLEAN

MFPC worked with NAFO to achieve carbon neutral status of biomass under the Environmental Protection Agency's biogenic accounting framework and advanced the recognition for recycling efforts expanding beneficial reuse. PA 178 of 2014 reduced regulations on the use and storage of a beneficial use by-product, including pulp and paper mill material, and PA 179 of 2014 provided exemptions to those who store or use inert materials and beneficial use by-products. The EPA released a revised framework for assessing biogenic CO<sub>2</sub> emissions from stationary sources in November 2014, which recognized the carbon neutrality of biomass energy produced from wood products manufacturing residuals.





A photograph of the Michigan State Capitol building, a grand neoclassical structure with a prominent central dome and multiple wings. The building is set against a cloudy sky and is surrounded by lush green trees in the foreground. A white rectangular box is overlaid on the lower portion of the image, containing the text.

# TUEBOR RECOGNITION

“I WILL DEFEND”

## SUSTAINABLE VISION

MFPC’s annual Tuebor Award recipient for this year was none other than Governor Rick Snyder. Over the past four years, Governor Snyder has an accomplished record as a public servant, particularly his successful effort to promote manufacturing and expand the state’s natural resource based economy. His efforts on creating jobs with a bi-partisan effort on manufacturing, advocating for competitive tax reform, holding agricultural and forest summits, expanding forest conservation and stewardship, and encouraging active forest management and responsible environmental regulation are all reasons he

was selected. The annual Tuebor Award recognizes significant accomplishments in business and natural resource policy. Recognition focuses on leadership in support of well-managed forests that are vital to Michigan’s quality of life, environment and economy. Governor Snyder’s outstanding work on the wise management of our state forests is just one example of his vision for sustainable forests’ now and for future generations. Moreover, he recognizes the tremendous job creation potential the forest products industry.

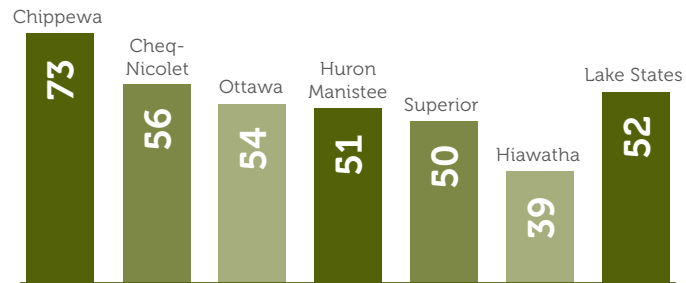


# FEDERAL FORESTS

## THE ROLE OF OUR FEDERAL FORESTS

Michigan is home to three national federal forests totaling 2.7 million acres. Those acres are monitored and cared for by forest supervisors from the three national forests in Michigan: Ottawa, Hiawatha and Huron Manistee, along with several MFPC members. In addition, MFPC has a strategic relationship with the Federal Forest Resource Coalition which, is building a national voice for sound management of our federal forests. For instance, less than 55% of the allowable sales quantity (ASQ) was being met from any of the federal forests in Michigan from 2006 -2014. The Coalition also works with allied industry, conservation and local government groups to support a growing federal sustainable federal timber program.

## LAKE STATES NATIONAL FORESTS (% OF ASQ ACHIEVED) 2006 - 2014







# SHOWCASING STEWARSHIP

## MFPC MEMBER COMPANIES ACCOMPLISHED GREAT THINGS IN 2014

### WEYERHAEUSER – 2014 MICHIGAN ENVIRONMENTAL LEADER

The Michigan Department of Environmental Quality (DEQ) strives to be leaders in environmental stewardship, partners in economic development, and providers of excellent customer service and looks for those three principles in the actions of their Environmental Leaders statewide. Therefore, it was no surprise when Weyerhaeuser was selected as one of 20 partners in the DEQ's Environmental Leaders program for 2014. This program was built to recognize outstanding performance in the areas of environmental stewardship, community partnering and mentoring activities. The program was developed to promote the good work that their private and public partners are accomplishing every day and to help their partners tell the story.

### VERSO CORPORATION – VERNAL POOLS REPORT

After a year-long collaboration between Verso, the Michigan Natural Features Inventory, Michigan Forest Products Council and the Michigan Department of Natural Resources, a report was finalized to identify and map vernal pools in the UP region. The goal of the project was to enhance the understanding of vernal pools' distribution and ecology in Michigan and how to effectively identify, manage and conserve them. Aerial imagery was reviewed and a total of 1,332 potential vernal pools across approximately 120,000 acres of state forest lands were mapped. Information from this project will be provided to the MDNR to be incorporated into their forest planning and management efforts. This will help inform and facilitate vernal pool protection and management on state forest lands in Michigan's Upper Peninsula.



# MICHIGAN MADE

## MICHIGAN GROWN

### CONNOR SPORTS FLOORING

The official court of the NCAA Men's Basketball Tournament Championship is a Michigan native! In September 2014, Forest Park School District in Iron County, Michigan cut the first tree for the 2015 court in their school forest and the court was then constructed at Connor Sports' Amasa, Michigan plant.



# FINANCIALS

## STATEMENT OF FINANCIAL ACTIVITIES

### REVENUE

Membership	\$ 565,411
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Other	\$ 102,434
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<b>TOTAL</b>	<b>\$ 667,875</b>
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### OPERATING EXPENSES

General and Administrative	\$ 69,337
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Program	\$ 575,818
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<b>TOTAL</b>	<b>\$ 645,155</b>
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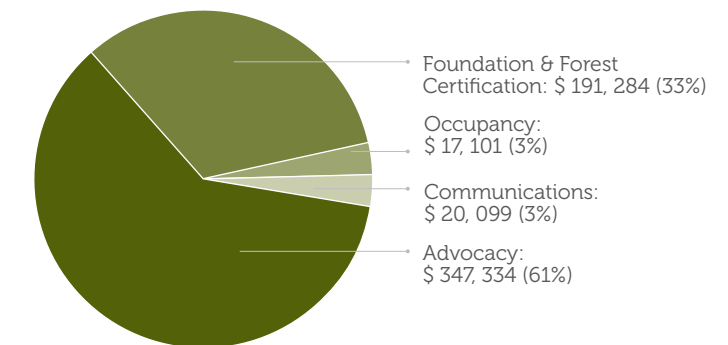
### CHANGE IN NET ASSETS

Net Assets Beginning of the Year	\$ 22,150
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Net Assets End of the Year	\$ 126,661
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<b>TOTAL</b>	<b>\$ 148,811</b>
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## 2014 EXPENDITURES





## BOARD OF DIRECTORS

**RON SALISBURY - CHAIRMAN**  
Plant Manager, Potlatch

**TODD JOHNSON - VICE-CHAIR**  
Resource Manager, Weyerhaeuser

**MARK PONTTI - TREASURER AND FOUNDATION CHAIR**  
Communications Manager,  
Verso Corporation

**BRIAN GLODOWSKI - SECRETARY**  
Manager of Forest Operations,  
Keweenaw Land

**CRAIG TIMM - PAST CHAIR**  
Regional Public Affairs Manager,  
Domtar Industries

**TIM BIEWER**  
Vice President, Biewer Lumber

**KURT BISBALLE**  
President, Bisballe Forest Products

**MARC BLOM**  
Director of Finance, JM Longyear

**LARRY BURKHOLDER**  
Biomass and Business Development,  
Morbark

**TUFFY BURTON**  
Owner, Tuffy & Sons, LLC

**BOB EDWARDS**  
Resource Manager,  
Timber Products Company

**MARK KORKKO**  
Property Manager,  
Molpus Timberlands Management, LLC

**TODD MAKI**  
Plant Manager,  
Louisiana Pacific Corporation, Sagola

**MARGARET MINERICK**  
President, Sagola Hardwoods

**ROBERT PERETIN**  
Plant Manager, Packaging Corporation  
of America PCA

**JACKIE PRIDE**  
Communications and Public Relations  
Manager, New Page Corporation

**DAVE STEPHENSON**  
President, AJD Forest Products

**TOM SHANNON**  
Plant Manager, Rock Tenn

**ADAM ST. JOHN**  
Mill Manager, Verso Corporation

**ERIC STIER**  
Area Manager,  
American Forest Management (GMO)

**CHAD RADKA**  
Resource Manager, LPC, Newberry

**JR RICHARDSON**  
Operations Manager, Traxys Power Group

**DENNIS WERBLOW**  
Resource Manager,  
Decorative Panels International

### MICHIGAN FOREST PRODUCTS COUNCIL

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**399,000,000**

The amount of dollars, Michigan's international  
paper exports generated in 2013.





**MFPC**

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**MICHIGAN FOREST PRODUCTS COUNCIL**

PROTECTING, PROMOTING, AND SUSTAINING MICHIGAN'S FOREST ECONOMY