

NJBMDA

New Jersey Building Materials
Dealers Association

2008 Annual Report

About the NJBMDA

The New Jersey Building Materials Dealers Association (NJBMDA), founded in 1884, is a New Jersey trade association that proudly represents the building materials industry.

Its purposes are to promote the industry, exchange information, monitor and interpret legislation, encourage high levels of professional standards, education and cooperation with other groups, and broaden public understanding of the function of the building material distributor in the marketplace.

NJBMDA's objective is to help owners improve their management skills and knowledge of the industry and economy in general in order to strengthen their respective positions within their own communities.

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NJBMDA

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Greetings from the Executive Director

We are pleased to present our annual report for 2008 – our 124th year serving the building materials industry in New Jersey.

This report serves as a synopsis of the year. As the NJBMDA is a corporation, this report focuses on the full financials of the organization, its members and initiatives to promote and safeguard the building material supply industry in the state.

In the following pages, you will read about how this organization is fiscally sound and well-run through a strong and purposeful Board of Trustees and an active membership.

We enter our 125th year with the knowledge that our association has served generations of lumbermen, and is now poised for a bright future.

You will read about our three committees – Legislative, Public Relations and Education – and how each of them enhances the services that we provide our members and the public at-large. And you will learn how your organization is helping to navigate through this difficult economy.

The organization is fortunate to have a number of consultants who serve our members and help us navigate the myriad of complexities that affect the industry. They are also featured in this book, and you should consider them as a trusted resource.

Please take a moment to review this annual report, and kindly contact me if you have any questions or require clarification.

On behalf of the Board of Trustees and my staff, I wish you a prosperous 2009.

Best regards,

Richard Alampi

Richard Alampi
Executive Director
New Jersey Building Materials Dealers Association



Richard Alampi



President's Message 2008

I have been proud to serve as president of the New Jersey Building Material Dealers Association over the past two years. It has been a satisfying experience to serve my fellow dealers and industry; I appreciate the trust that you have placed in me.

When I was named the association president in 2007, it was a different time for our industry, as we were still enjoying the fruits of a strong real estate market. Then, in the first quarter of 2007, the bottom fell out. We all know first-hand what has happened over the past two years, as we navigate this global recession.

I take inspiration from the association, which has survived the twists and turns of the economy since 1884, from President Grover Cleveland (a Caldwell, NJ native) to President Barack Obama (not from New Jersey.)

The longevity of the NJBMDA is a testament to the long-term vitality and strength of the industry, but more importantly, a testament to the support of our members and their strong beliefs in the intrinsic value of our association.

The association has been ably led in 2008 by an excellent board of trustees, including: First Vice President Bryan Jaeger, Jaeger Lumber; Second Vice President Darren DiMedio, Dubell Lumber; Treasurer Jay Ruhle, Reeb Millwork; Past President Kevin Kuchova, Warren Lumber; Trustees Nick Kuiken, Kuiken Brothers; Neal Herschenfeld, Palisade Lumber; Kevin Behnke, Paramus Lumber; Keith Coleman, Hamilton Building Supply; Bill Umbach, Strober Group; Al Lattanzio, Lattanzio Lumber; Don Wirth, Wirth Lumberama; Tony Federici, BlueLinx; Steve Gerard, Black Millwork and David Bernstein, Mid-State Lumber.

The year 2008 was a year of progress and challenge for the NJBMDA. Our board has been focused on maintaining the relevance of our association to our industry and the community at-large.

At the beginning of my administration, we conducted a strategic planning session and identified the following needs:

Develop programs to educate and attract new workers to our industry.

We've developed materials promoting opportunities in our industry, and distributed these materials to every guidance counselor in state high-and vocational schools.

Additionally, we've met with the state Department of Labor and are cross-promoting employment opportunities through their programs and websites.

Look to expand our membership to attract all aspects of the construction supply industry, not just lumber dealers.

To that end, we've begun the process of outreach and coalition building with related construction suppliers dealing in building materials such as electrical, plumbing, roofing, concrete, aggregate and other related supplies.

Actively promote the value of our industry to the legislature, media and public, and better communicate the value of the association to current and future members.

The board retains a professional public relations firm, Jaffe Communications, which has overhauled our image and communications in the past two years. The firm's work includes the development of this annual report as well as quarterly news digests and bi-weekly newsletters.

Additionally, we have had some success in the legislative arena. We continued to retain one of New Jersey's premier lobbying firms, MBI/Gluck-Shaw to represent us before the state Legislature. At the end of 2008, the NJBMDA prepared testimony for hearings in Trenton about plans to reduce greenhouse gas emissions in New Jersey. The NJBMDA was represented by Keith Coleman, co-owner of Hamilton Building Supply Co. & Hightstown Building Supply Co., and Lowell Jaeger of Jaeger Lumber.

In 2008, we also continued our relationship with our association counsel, Steve Brawer, a member of a prestigious law firm, Lowenstein-Sandler.

The NJBMDA continues to be a resource that our members need. For example, the association hosted another presentation by New Jersey housing market



David Guss
*North Jersey Lumber
& Millwork*

Continued on page 5

2008 Board of Trustees

Front row, seated, left to right: Bryan Jaeger, Neal Herschenfeld, Al Lattanzio, Darren DiMedio, Kevin Behnke.
Back row, left to right: Richard Alampi, Nick Kuiken, David Bernstein, Keith Coleman, Jay Ruhle.



2008 Board of Trustees

PRESIDENT

Davis Guss, North Jersey Lumber & Millwork

FIRST VICE-PRESIDENT

Bryan Jaeger, Jaeger Lumber

SECOND VICE PRESIDENT

Darren DiMedio, Dubell Lumber Co.

TREASURER

John H. Ruhle, Jr., Reeb Millwork

PAST-PRESIDENT

Kevin Kuchova, Warren Lumber

TRUSTEES

Kevin Behnke, Paramus Lumber

David Bernstein, Mid-State Lumber

Jack Cortese, BWI

Al DeCiccio, Pro-Build

Keith Coleman, Hamilton Building Supply

Tony Federici, BlueLinx

Steve Gerard, Black Millwork

Neal Herschenfeld, Palisades Lumber

Nick Kuiken, Kuiken Brothers

NJBMDA GROUP INSURANCE TRUSTEES

David Bernstein

David Guss

Neal Herschenfeld

Charles Kreyer

Thomas Roesler

Treasurer's Report

The NJBMDA accounts have been reviewed by the accounting firm of Drucker, Math & Whitman, North Brunswick, New Jersey, for accuracy. Their report on the status of the Association indicates that there were no accounting irregularities and that the Association is in good financial shape.

I am looking forward to another successful year. The Board of Trustees is poised to do great things and I believe that the current financial status of the Association will allow us to continue our progress.

Respectfully submitted,
John H. Ruhle, Jr.
NJBMDA Treasurer

ASSETS as of 12/31/2008

Current Assets

Cash and cash equivalents	\$81,971
Prepaid expenses and other assets	\$7,167

Other Assets

Long term investments	<u>\$681,397</u>
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Total Assets

\$770,535

Liabilities

Accounts payable/accrued expenses	<u>\$13,739</u>
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Total Liabilities

\$13,739

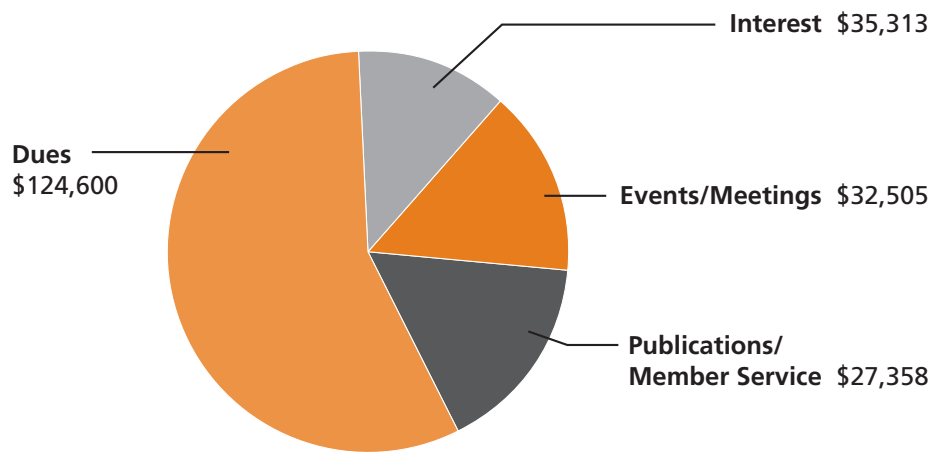
Equity

Members Equity	\$748,726
Net Income	<u>\$8,070</u>

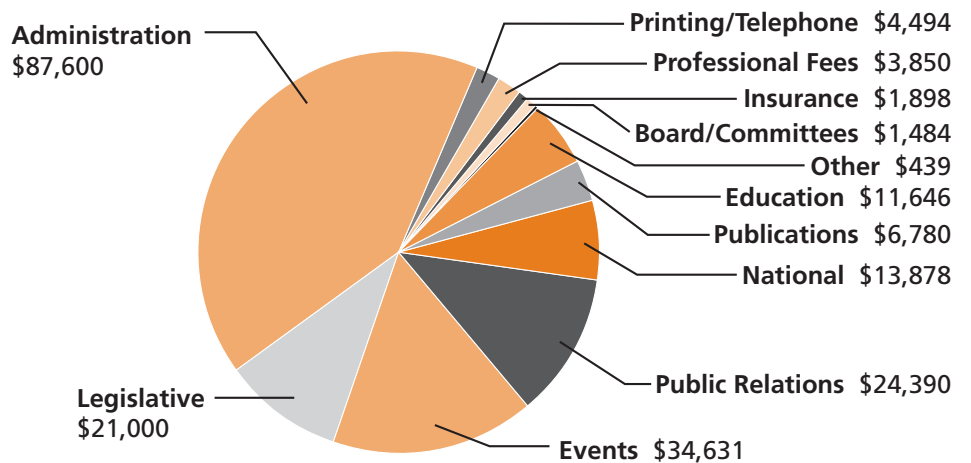
Total Liabilities and Net Assets

\$770,535

Income:



Expenses:



President's Message 2008 *Continued from page 2*

expert Jeff Otteau at our management roundtable in September, when he provided an excellent analysis of the issues and opportunities that will exist in the housing market in 2009 and beyond. Mr. Otteau told us in September that the market should bottom out in mid-2010, followed by a recovery. We pray he is correct.

Despite the economy, the NJBMDA remains financially healthy. A break-even budget is what the board targets annually, and we have been on target with income and expenses. A report from our Treasurer is included in this, and every, annual report.

Program-wise, we held some excellent, well-attended events in 2008, as well as golf outings that have evolved into not-to-miss events. Our programming continues to have strong support and our regional membership meetings con-

tinue to be popular with members.

Our group health insurance program has grown to record enrollment levels. Our program now has more than 11,000 lives and is experiencing steady growth because of extremely competitive premiums, the strongest network of providers in the state and the hands-on service the trust has been known for over the years. The health insurance program is carefully managed by a group of dedicated trustees, headed by Charlie Kreyer, Neal Herschenfeld, David Bernstein and Tom Roesler.

Last year, the safety group dividend program offered through PLM returned a 5% dividend declaration, and it's on target to return another dividend this year: a tribute to the excellent safety performance of the group.

The NJBMDA maintains a full roster of paid consultants and

specialists in their respective fields, to answer members' questions and provide services in the fields of transportation, credit and collection, tax issues, legal, public relations and employment, OSHA and safety compliance and drug testing – virtually every issue affecting our business. Our future is exciting and I urge all industry members to join and participate in our programs.

We're looking forward to a great 2009, as we mark our 125th anniversary. We hope you are a regular part of the celebration.

Thank you for the opportunity to serve as your President over the past two years. My best wishes to you and your families. I also wish Bryan Jaeger, the association's incoming president, and the 2009 board many great successes as they steer the organization through the recession.

Editor's Note: Mr. Guss passed away in March of 2009. Our deepest condolences to his family and friends.

Reports from Committees

Legislative Committee

Scot Mackey, legislative agent
MBI/GluckShaw
smackey@mbi-gs.com



Scot Mackey

There have been more than 6,000 bills introduced since the start of the 213th Legislature which began January 8, 2008; 145 bills have been signed into law; 7 are on Governor Corzine's desk awaiting consideration. We are in the middle of a two year session which will end in January, 2010. All 80 seats in the Assembly were up for re-election this November, 2008. The Senate is in the middle of a four year term and will not be up for re-election until 2011. Due to Senators John Adler and Leonard Lance advancing to the New Jersey Congressional Delegation, there will be two Senate seats up for re-election this year: Senator Marcia Karrow (who took the seat held by Leonard Lance) and Senator Jim Beech (who took the seat held by John Adler).

Small Business

A-1657 (Chiusano/R-24; McHose/R-24) would allow certain self-employed business owners to deduct their own pension plan contributions from New Jersey gross income tax. For many years sole proprietors, partners of partnerships and members of limited liability companies found that their employees could participate in tax-qualified pension plans but that they themselves could not. The federal Self-Employed Individuals Retirement Act has encouraged these small business owners to provide themselves with pensions by allowing the self-employed to establish and participate in the "Keogh" plans (named after the sponsor of the initial federal law) similar to those for corporate employees and on a similar tax basis. However, no business expense deduction has been allowed under the New Jersey gross income tax for the Keogh plan contributions for the retirement of the owners of these small businesses. This legislation sets deduction rules for sole proprietors, partners and the members of limited liability companies at parity with the rules that apply to incorporated businesses, allowing the self-employed to deduct the same pension contribution amounts they provide themselves from their New Jersey

taxable gross income as they may deduct from their federal taxable income.

Status: Reported out of the Assembly Commerce and Economic Development Committee on December 8, 2008 and referred to the Assembly Appropriations Committee for additional consideration

A-2720 (Vas/D-19; Burzichelli/D-3; Pou/D-35; Evans/D-35) would modify the provisions of the Urban Enterprise Zone sales tax exemption for purchases by qualified UEZ businesses. Under current law a "small qualified business" with annual gross receipts of less than \$3 million is exempt from sales tax at the point of purchase. Larger businesses are eligible for exemption, but most pay the tax and then submit a claim for refund on qualified purchases. This legislation increases the gross receipts allowed to a UEZ business to qualify for a point of purchase exemption from less than \$3 million to less than \$10 million.

Status: Signed by the Governor December 17, 2008

A-832 (Chivukula/D-17; Schaer/D-36; Fisher/D-3; Love/D-4) would make changes to the "New Jersey Regulatory Flexibility Act" in order to expand the scope of this law with regard to small businesses. The bill would revise the definition of small business from a business that employs fewer than 100 full-time employees to one which, along with its affiliates, employs fewer than 100 full-time employees or has gross annual sales of less than \$6 million.

Status: Passed the Assembly 75-1 on March 13, 2008; was released by the Senate Economic Growth Committee on May 8, 2008 and now awaits consideration by the full Senate

Green Buildings

A-2070 (McKeon/D-27; Milam/D-1; Lampitt/D-6/Greenstein/D-14), the "Green Building Tax Credit Act" would provide tax credits toward the corporation business tax, gross income tax, and certain other specified taxes for developers and owners who design and construct buildings that meet certain "green building" criteria. The bill provides that a building would qualify for the tax credits if it meets the green buildings standards adopted by the Department of Community Affairs in consultation with the Department

of Environmental Protection, or if it meets the criteria required for certified silver, gold or platinum status under the LEED Green Building Rating Systems or LEED Residential Green Building Rating System.

Status: Reported out of the Assembly Environment and Solid Waste Committee on May 12, 2008 and awaits consideration by the full Assembly

S-1066 (Smith/D-17; Sarlo/D-36) requires the executive director of the New Jersey Economic Development Authority, in consultation with the Commissioner of Community Affairs, to establish and administer a program that makes low-interest loans available to a developer or redeveloper who constructs a new building or renovates an existing building, that, when completed, qualifies as a "high performance green building." In its original form, the bill defined "high performance green building" as that which meets a silver rating under the LEED standard. As amended, "high performance green building" is defined as one that achieves: 1) a silver rating according to the LEED standard; 2) a silver rating according to the National Green Building Standards as adopted by the International Code Council and the American National Standards Institute; 3) a two globe rating according to the Green Globes Program as adopted by the Green Building Initiative; or 4) a comparable numeric rating according to a nationally recognized, accepted, and appropriate numeric sustainable development rating system, guideline, or standard as the Commissioner of Community Affairs, in consultation with the Commissioner of Environmental Protection, the Director of Energy Savings and the Board of Public Utilities may designate by regulation.

Status: Reported out of the Senate Economic Growth Committee on October 23, 2008 and referred to the Senate Budget and Appropriations Committee for additional consideration

A-1559 (Greenstein/D-14; DeAngelo/D-14; Gusciora/D-15; Rodriguez/D-33) amends the "Municipal Land Use Law" to allow a municipal planning board to include in a municipality's master plan a green buildings and environmental sustainability plan element providing for, encouraging, and promoting the efficient use of natural resources and the installation and usage of renewable energy systems, considering the impact of buildings on the local, regional and global environment, allowing ecosystems to function naturally, conserving and reusing water resources, treating storm water on-site and optimizing climactic conditions through site orientation and design.

Status: Signed by the Governor August 5, 2008

General Issues

S-1449 (Rice/D-28; Madden/D-4) would amend the "State Uniform Construction Code Act" to respond to recommendations contained in the State Commission of Investigation report on new home construction. The legislation would require a construction official who identifies a pattern of code violations in dwelling units within a housing development, which violations affect framing, fire safety or structural safety, to ensure that all similar dwelling units within the development are inspected and that all violations discovered are abated. The bill would also authorize the construction official to issue a stop construction order for all buildings within the development. Furthermore, if certificates of occupancy have already been issued for any of the affected units, the construction official would be required to notify the Department of Community Affairs of the official's findings, the name and address of the builder and the nature of the violation or violations.

Status: Reported out of the Senate Community and Urban Affairs Committee on October 2, 2008 and referred to the Senate Budget and Appropriations Committee for additional consideration

A-2876 (Greenwald/D-6; Malone/R-30; Cryan/D-20; Biondi/R-16; McHose/R-24), the "Permit Extension Act," provides that for any government "approval," as defined by the bill, in existence during the extension period, the running of the period of approval is automatically suspended for the extension period, except as otherwise provided in the bill. The bill provides, however, that the tolling provided by the bill will not extend the government approval beyond six months after the conclusion of the extension period. The bill defines "extension period" to be the period beginning January 1, 2007 and continuing through July 1, 2010.

Status: Signed by the Governor September 6, 2008

A-609 (Karrow/R-23; Chiusano R-24) would provide that any farmstand or location on a farm, or location used by a farm or other agricultural operation, to sell firewood obtained from property other than the seller's land shall not be considered a lumber yard under municipal land use regulations or for other regulatory purposes.

Status: Passed the Assembly 78-0 on February 5, 2009 and awaits consideration by the Senate Economic Growth Committee

A-645 (Lampitt/D-6; Scalera D-36/Evans D-35) would provide that a dealer of building materials must deliver a uniquely identified delivery ticket with those building materials.

Status: Passed the Assembly 78-0 on November 17, 2008 and awaits consideration by the Senate Commerce Committee.

Report from the Education Committee and External Education Task Force

David Bernstein, chairman
davidb@midstatelumber.com

Educational programs held in 2008 were successful in providing excellent information to attendees, and the presenters were very knowledgeable.

The need for further educational programs was a focus, as many members possess the resources to provide in-house training for employees, or to bring in outside speakers for their own staff.

Those attending the NJBMDA annual roundtable on September 11 left with a much stronger understanding of the New Jersey real estate market and trends in green building.

Jeff Otteau, a real estate forecaster specializing in New Jersey, told participants that he expects housing prices to bottom out in the middle of 2009, and that recovery would be a long process. He anticipates houses in New Jersey in 2020 will have the same value as they did in 2005.

Otteau said there continues to be a drain on the number of professionals working in New Jersey, as many are moving to states that have reduced taxes and are more business-friendly. Those remaining do not have the resources to afford higher-end homes, causing prices to drop. He also noted that far-away suburban "McMansions" will take a hit, as people find more value in homes near commuter rail stations.

John Wagner of the *LBM Journal*, one of the most knowledgeable professionals in the country about the future of green building, says consumers are expected to double their spending on green products and services this year, totaling an estimated \$500 billion. Of that, green building will equate to \$50 billion.

The green trend is fueled by costs, as electricity bills have gone up 20 percent between 2000 and 2005, while fuel oil has risen 50 percent and natural gas has risen by more than 60 percent. Wagner said "going green" is here to stay, and building materials dealers can master the issues after just a few hours of training.

The event received media coverage from the NBC affiliate in Atlantic City and New Jersey 101.5.

Report from the Public Relations Committee

Kevin Kuchova, chairman
kuchova@warrenlumber.com



Kevin Kuchova

It was an active year for public relations – both internally and externally.

Through our committee and the association's public relations firm, Jaffe Communications, we continued to publish a bi-weekly newsletter, *The Bulletin*, which is distributed every two weeks to our members via email or fax. *The Bulletin* is an excellent communication tool for the association, as it provides news of upcoming events, industry news, state news and business news, as well as a light joke here and there. If you are not receiving *The Bulletin*, I urge you to contact association headquarters to get on the mailing list.

As part of our service to members, the Public Relations Committee also directed Jaffe Communications to develop an online database of members, as well as an electronic map that pinpoints their specific locations in New Jersey. The map can be expanded to show members locations nationally, and shrunk to show locations of members on each street.

This interactive, state-of-the-art map, linked to the homepage of the association website, is a tool for members and prospective customers to easily target the locations of building materials dealers. I urge you to log onto www.njbmda.org to experience the map and use it for your day-to-day activities.

Jaffe Communications has also developed a quarterly news digest for the association that provides a more expansive look at association and industry news. Besides serving as another source of information, the quarterly newsletter generates revenue for the association, as advertising inserts are sold to help offset costs. We also developed this annual report through our committee.

Externally, our public relations engine was strong.

There were press releases written and distributed to the media on a variety of topics, from a forestry tour, to the Lumberman of the Year to the new board members for 2009. Press coverage announcing Bryan Jaeger as the new President generated media coverage in: *The Star-Ledger*, *The Courier News*, *The Union County Local Source*, *The Somerset Reporter*, and *ProSales Magazine*.

As we move through 2009, we expect our media relations focus to be on the "real story" behind green

building, ensuring that the association's message is part of the discussion and debate.

An op-ed about the benefits of green building was circulated throughout the state's media under the bylines of our members. Specifically, the piece ran in the *Union County Local Source*, *Cumberland County News*, *Woodbridge Sentinel*, *Trenton Times*, *The Courier Post*, *HardNewsNJ.com* and *The Warren Reporter*.

Here is one version of the op-ed:

Save Money with Green Building Materials

While there is a perception in New Jersey that "green building" is a relatively new phenomenon, it is a concept that your local building material dealers have been working with for nearly 40 years.

Many of the veterans in the New Jersey Building Materials Dealers Association (NJBMDA) think back to the 1970s, when ecology awareness and the rising cost of oil were popular topics of discussion. Customers began asking us how to make their homes self-sustaining through the use of new and different building materials.

We were certainly impressed by those who took green building to the extreme, constructing "Earth ships" – homes built with old tires filled with dirt. A few of these ships still exist, amazingly, tucked along side roads in Sussex County and down in the Pinelands.

But while the 1970s was an era of some hits (and many, many misses) it required dealers to seek materials that focused not just on functionality, quality and unit price. We had to include "energy efficiency" into the mix, explaining to our customers the long-term savings of using these products, rather than just the dollars and cents on the initial invoice.

Green building has certainly experienced its growing pains over the years. There have been many attempts, for example, to perfect the solar home. And the dropping of oil prices in the early 1990s created a shift away from green building, though progressive builders kept at it and are now leading a reinvigorated movement.

As we prepare for a new decade, with record energy prices in New Jersey and beyond, we are entering a golden era for green building. The trend is projected to grow as a share of the overall residential market from just 2 percent in 2005 to between 12 percent and 20 percent in 2012, according to research presented at the National Green Building Conference in New Orleans. That's an industry increase from \$7 billion in 2005 to between \$40 billion and \$70 billion in 2012.

This surge is coming not only from environmentalists, but from typical families who want relief from energy bills.

Lumber remains the original "green" material, as it is cost-effective, plentiful and helps your home "breathe" throughout the seasons. There are some other green building basics that will greatly improve the performance of your house:

"Green" Windows

The common rule of thumb is to select windows with good insulation values, such as double and triple-paned windows. Greener windows also have insulating gas (such as argon) between the panes, which insulates better than air. In addition, there are windows with special clear coatings, called "Low-e" windows, which reflect heat, as well as tinted windows that guard from the sun.

Building Materials

Incorporating materials that are both sustainable and non-toxic is the key. Ask your building material dealer about how bamboo, cork, cotton insulation, and recycled glass countertops can lessen your impact on the environment. Other materials, such as no-VOC paints and stains, and formaldehyde-free cabinets, can help improve indoor air quality.

Energy Saving Appliances

Homeowners should consider ENERGY STAR-rated appliances, which use 10 to 50 percent less water and energy than many other appliances. Refrigerators, air-conditioners, washers and dryers are just some of the products that are available with the ENERGY STAR label. Even simple and low-cost steps like installing a programmable thermostat can generate significant energy savings.

Technology of the Future

Geothermal heating and cooling systems pull warm or cool air from the earth and pump it into the house for a natural HVAC system. Solar panels can generate enough electricity on a sunny day to allow you to sell power back to your electric company. While these investments involve a high initial price tag, eventually the savings will cover their cost.

Remodeling to reduce your carbon footprint and to save money on energy costs is an idea whose time has come.

2008 Year in Review

January 22, 2008	Regional Membership Meeting, Mountainside, NJ
February 1, 2008	Reception, NRLA Convention, Boston, MA
February 7, 2008	Regional Membership Meeting, Doylestown, PA
February 12, 2008	Regional Membership Meeting, Absecon, NJ
February 21, 2008	Regional Membership Meeting, Maywood, NJ
March 31-April, 2, 2008	National Legislative Conference, Washington, DC
May 8, 2008	Annual Legislative Meeting, Trenton, NJ
May 20, 2008	2008 PRSCO Builder's Show, Valley Forge, PA
July 28, 2008	Annual Golf Outing in Manalapan, NJ
September 11, 2008	Management Roundtable, Atlantic City, NJ
October 3, 2008	Annual fishing trip, Atlantic Highlands, NJ
November 13, 2008	"Lumbermen of the Year" reception, Iselin, NJ

Membership Meetings Held in 2008

Back by popular demand, the organization held regional membership meetings.

The purpose of these meetings has been to get direct feedback from members on programs and goals, to provide a forum for member-to-member exchange and to provide updates on association activities.

Here's what you've had to say:

"The NJBMDA is right on track with its focus on legislative and regulatory issues in NJ. Our industry needs a voice in Trenton to protect our interest."

"More dealers should be aware of the good job NJBMDA does on our behalf."

"Every NJ dealer should belong to the association to contribute their fair share to our legislative efforts."

"We need to continue to pay attention to our National Association and their efforts to maintain a viable timber supply and monitoring of federal OSHA regulations."

May

Corzine signs family leave bill

Declaring it a "legacy" moment in New Jersey history, Gov. Jon Corzine signed legislation granting employees up to six weeks off with limited pay to take care of a

new child or a sick parent, child or spouse.

Philip Kirschner, president of the New Jersey Business and Industry Association, said members sent 50,000 e-mail messages to the governor and legislators asking them to rethink their support.

"We are astonished that the Governor and the Legislature would impose a paid leave mandate on businesses that are already struggling to survive a recession," Kirschner said. "The law is likely to extract a steep economic price down the road in the form of lost jobs and a further deterioration of New Jersey's already poor business climate."

June

Oil Prices and Soft Housing Demand Wreak Havoc on Building Material Costs

"We no longer hold [price] quotes for more than 10 days," according to one excavating contractor. In this contractor's market, asphalt prices had risen 22 percent since February, and fuel costs—at \$4.57 per gallon for diesel—were up 78 percent from 2006.

Across New Jersey, any company that makes, works with, or distributes building products is feeling the pinch from a confluence of negative market conditions that is inflating the cost of everything from roofing shingles to rebar.

Those conditions include oil prices that have brushed

against \$140 per barrel; a weak U.S. dollar that American firms must use to purchase commodities that, in many cases, are traded globally; a home building industry whose annualized start rate in April was 31 percent below the same month in 2007; and, conversely, severe weather around the country that has left an estimated 800,000 homes in the United States with storm damage, which in turn is diverting more building materials to the repair and remodeling sectors.

The Bureau of Labor Statistics reported that the Producer Price Index, which measures inflation, had jumped 4.1 percent year-to-year in April for asphalt roofing; 4.2 percent for builders' hardware; 9.9 percent for pre-cast concrete; 12.4 percent for "hot rolled bars, plates and structural shapes"; and 13.2 percent for steel pipe and tubing.

Those numbers might be just the beginning of a wave of price increases that builders and contractors are already encountering.

Breaking News on Fuel Surcharges

Rick Alampi asked the NJBMDA attorney to look into whether the sale-for-resale exemption is applicable to fuel surcharges that are separately stated on the invoice from the supplier to the retailer, and that are included in the price charged by the retailer to the ultimate customer.

The answer: Those charges are eligible for the sale-for-resale exemption. Basically, separately-stated delivery charges, which include charges for transportation, are taxable to the extent that they relate to taxable sales and are exempt to the extent that they relate to exempt sales, such as sales subject to the sale-for-resale exemption.

So, if you're passing on the fuel surcharges, issue a resale certificate to your supplier, then collect the sales tax from your customer.

July

A Great Golf Day

It was a day for divots and dinner, as the NJBMDA held its annual golf outing on July 28 at the Battleground Country Club in Manalapan. Yeah, it was hot out there, but better than a day at the office. The most commonly said phrase of the day: "Yo. Beer cart!"

And, now, the esteemed winners by category:

Gross Scores: Brett Moyer (69), Stephen Walsh (73), Bob Evans (75), Keith Coleman (76), Doug Helmacy (77).
Net Calloway Scores: Alan Robinson (68.5), Darren

DiMedio (69) (MOC), Scott Roselnak (69), Ralph Udall (70) (MOC), Tim Schlosser (70).

Closest to the Pin #7: Bob Evans (1-foot, 4-inches);
Closest to the Pin #14: Rich Schrang (5-foot, 9-inches);
Longest Drive #9: Joe Glennon; **Longest Drive #18:** Keith Coleman; **Most Honest:** Steve Somerville (128), Bob McSorley Guest (125)(1A), Rich Schrang (124)

Thank You to the Outing Sponsors

Breakfast Sponsor: Blue Linx, **Drink Cart Sponsor:** Bridgewater Wholesalers, **Cocktail Reception Sponsor:** Trex, **Dinner Sponsor:** Pennsylvania Lumbermen's Mutual.

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August

National Association Names New President

The National Lumber and Building Materials Dealers Association (NLBMDA) has named Michael P. O'Brien as president of the organization.

For nearly 10 years, O'Brien served as chief operating officer of the Manufactured Housing Institute, a trade association for the manufactured and modular housing industries. Before that, he was a long-term Assistant Vice President for the National Association of Home Builders.

September

Those attending the NJBMDA annual roundtable on September 11 left with a much stronger understanding of the New Jersey real estate market and trends in green building.

Jeff Otteau, a real estate forecaster specializing in New Jersey, told participants that he expects housing prices to bottom out in the middle of 2009, and that recovery would be a long process. He anticipates houses in New Jersey in 2020 will have the same value as they did in 2005.

John Wagner of the *LBM Journal*, one of the most knowledgeable professionals in the country about the future of green building, says consumers are expected to double their spending on green products and services this year, totaling an estimated \$500 billion. Of that, green building will equate to \$50 billion.



Members of the NJBMDA and their guests learn the latest in green building at the Annual Management Roundtable in Atlantic City on September 11.

October

The October 3rd fishing trip turned out to feature beautiful weather and a bluefish. Seventeen New Jersey dealers and associates enjoyed a day good of fishing.

NJBMDA chartered the 50-foot Eagle, which operates out of Atlantic Highlands.

Bill Strangeway, Blue Ridge Lumber, won the biggest fish trophy. Special thanks to **Association Master Trust** and **Pennsylvania Lumbermens Mutual** for generous sponsorship of the event.

November

NJBMDA Announces 2008 "Lumberman of the Year"

The New Jersey Building Materials Dealers Association (NJBMDA) announced that Doug Sterner and Frank Dalinsky have been selected as "Lumbermen of the Year" for 2008 for their efforts to advance the local construction supply industry.

The award, given annually since 1978, was presented to the two men during a reception Thursday, November 13 in the Iselin section of Woodbridge.

December

New Jersey Wood Comprises the World's Most Famous Christmas Tree

The 76th Christmas tree at Rockefeller Center is courtesy of an eight-ton, 72-foot Norway spruce from Mercer County.

The tree, which is 40 feet round, was decorated with 30,000 energy-efficient LED lights on 5 miles of wire, topped with a massive crystal star. It was proudly donated by the Varanyak family in Hamilton Township.

Highland Act is Upheld by New Jersey Supreme Court

The New Jersey Supreme Court unanimously upheld the Highlands Act, a land preservation law that limits development in much of Northern New Jersey. The state's highest court agreed with an appellate court ruling in the case of a developer who asserted that the 2004 law amounted to an unfair taking of land without compensation.

In upholding the lower court ruling, the Supreme Court agreed that the developer needed to make use of compensation remedies built into the law before asking the courts to intercede.

Developer OPP LLC's complaint was the first Highlands dispute to be ruled on by the Supreme Court. OPP wants to build 26 homes on 93 acres in an area of Washington Township in Morris County, where the Highlands law restricts new construction.

"Ask a NJBMDA Member"

We asked Bryan Jaeger of Jaeger Lumber about the big issue of 2008.

"We need to ensure our customers – the contractors and remodelers – are running healthy businesses. Often, they do not enforce or abide by their contracts with their customers and end up losing money on the job. That means we often have difficulty getting paid. In response, we are now creating an awareness campaign, in which we can help these customers run their businesses smarter and better. There is a limited supply of good contractors out there, so we want to do our part to ensure they are profitable and remain in the business," Jaeger says.

Keith Coleman of Hamilton Building Supply said rising gas costs have become a profit center for some vendors, who are now implementing fuel surcharges on individual orders. He said the building supply company is

often eating the cost, as gas charges are not calculated in the end price to the consumer.

"Make sure to ask a vendor up front if there is going to be a fuel surcharge," Coleman says. "And speak up against them whenever you can. I believe the cost of fuel is part of the price of doing business. It's something these vendors need to absorb in their own overhead, not pass on to us as a separate fee."

Coleman said some vendors are using the gas crisis to make money, having one trucker make five local delivery stops and hitting each customer with a \$50 surcharge. "It's really a pet peeve of mine," he said.

Darren DiMedio of Dubell Lumber Company reports from the 2008 legislation conference in Washington, in which the New Jersey delegation advocated on Capitol Hill for three key issues: asking lawmakers to pass legislation that encourages first-time homebuyers to enter the market, stressing that LEED shouldn't be the only guideline for green building and advocating for proposed legislation known as Innocent Sellers (H.R. 989).

"We think it's very important for New Jersey to have a strong delegation at this conference," DiMedio said. "We reached out to a number of elected officials, all of whom were receptive to the messages we were conveying. All, in all, it was a worthwhile experience."



NJBMDA held its annual golf outing on July 28 at the Battleground Country Club in Manalapan.

Benefits of Becoming a NJBMDA Member

Benefits of Membership:

- Association-sponsored social/business meetings to exchange ideas, gather information and meet industry leaders
- "One-stop" shopping for all laws and regulations affecting members' business
- Member newsletters - industry news, new products, services
- Workshops and seminars
- Group health benefits offered through Horizon BC/BS at extremely competitive rates
- Regulatory interpretation, compliance assistance
- How-to-do-it VIDEOS and instruction MANUALS
- Annual Meeting featuring the "Lumberman of the Year" dinner
- Opportunities to directly have input into the future of the industry by serving on the Board or a committee
- Member Surveys-salaries, holiday closings, other work and business practices
- Free members' classified services-buy/ sell yards, surplus equipment and supplies
- Statewide directory of all members, vendors and manufacturers
- Headquarters service—general assistance, trouble-shooting, whom to call
- Transportation, Public Relations, Legislative, Sales Tax and Legal Consultants
- Affiliation with national LBMDA for federal issues, such as timber supply, OSHA and tariffs
- ***Building friendships, while advancing your business.***

2008 Annual Meeting

The New Jersey Building Materials Dealers Association (NJBMDA) announced that Doug Sterner and Frank Dalinski have been selected as "Lumbermen of the Year" for 2008 for their efforts to advance the local construction supply industry.

The award, given annually since 1978, was presented to the two men during a reception Thursday, November 13 in the Iselin section of Woodbridge.

"Doug and Frank have helped shape this industry's culture, direction and business practices over the years," said NJBMDA Executive Director Richard Alampi. "They are true giants in the industry."



Doug Sterner

Sterner, whose family has been in the New Jersey lumber business since 1879, was the owner of Sterner Lumber in Belmar, which was sold to Jaeger Lumber in 1999. Sterner still runs the lumberyard, where he has been working since he was 10 years old.

Sterner's grandfather, E. Donald Sterner, served as president of the New Jersey Lumber Dealers

Association (the predecessor of the NJBMDA). Sterner's office features a photo of the elder Sterner with Adolph Jaeger, another lumber dealer president, who is the grandfather of NJBMDA First Vice President Bryan Jaeger. The photo shows the two lumbermen posing with President Herbert Hoover.

"It is a real honor to be named a 'Lumberman of the Year,' as this is a business that has been with my family in New Jersey for four generations," Sterner said.

"I have dedicated my life to this industry, ever since I started working in the yard as a kid. It's great to be recognized among my peers."

Frank Dalinski, who has worked 41 years at Presco in Philadelphia and is now company president, said he is "deeply honored" to win the award. "It is great that my fellow lumberman would think of me in such a light," he said. "People in this industry are phenomenal, whether they are suppliers, customers, stockholders, or in our case, a cooperative. The industry has many dedicated, community-minded individuals."



Frank Dalinski

Dalinski, of Bensalem, Pa., has been active in the community, serving as director of the Rotary Club of Bristol, director of the Walt Whitman Hoo-Hoo Club (a fraternity of lumbermen) and director of the Philadelphia Lumber Exchange.

Dalinski, 63, is married with three children, six grandchildren and three great-grandchildren.

The NJBMDA, founded in 1884, promotes the retail building materials industry. The association monitors and interprets state legislation, encourages high levels of professional standards, education and cooperation with other groups, and broadens public understanding of the function of the retail building material distributor in the marketplace.



About the NLBMDA

Mission

To advance the national agenda for America's building material suppliers.

Vision

The leading voice of the building material industry.

The National Lumber and Building Material Dealers Association (NLBMDA) was formed in 1916 in Chicago by a group of retail lumbermen. The National Retail Lumber Dealers Association (NLBMDA's original name) was created to address the social, economic and political needs of the lumber and building material industry.

In October of 1962, the name of the Association was changed to NLBMDA. Our primary focus is on legislative affairs, regulatory compliance, statistics training and networking opportunities.

NLBMDA represents 8,000 of America's building material dealers and the largest regional chains across the United States. Collectively, these dealers employ more than 400,000 professionals. Our members sell the majority of building products used in the nearly two million housing starts annually. Dealers' primary customers are professional contractors, home builders, and remodelers across the United States.

Building material dealers are at the center of the building products supply chain. Therefore, NLBMDA strives to be at the center of issues impacting the supply chain by uniting each segment of the channel under our organization's umbrella. We offer dealers Direct and Affiliated membership status. Industry manufacturers and service providers are active through our Manufacturers and Services Council. Additionally, we provide a forum for the state and multi-state building material associations through our Building Material Associations Executives Council.

NLBMDA's core member services are government affairs, trend analysis, best practice research, industry-specific education and training, and networking. NLBMDA holds two annual industry meetings each year. The Industry Summit is held in the fall at a family-friendly resort location; the Legislative Conference is held at a hotel in Washington, DC each spring.

NLBMDA has had an office in Washington, DC since 1921. It recently moved to the Railway Express Building located at 900 2nd St, NE and still owns and rents the townhouse on Capitol Hill it has occupied since the early 1980s.

Our Members

Today's building material dealer (BMD) is typically an active community member; the supplier of choice for professional contractors, builders, and remodelers; and a resource for those seeking reliable service, quality materials, kitchen and bath showrooms, and expert advice on do-it-yourself projects. The BMD in your area may also manufacture and distribute trusses, millwork, doors or windows; or provide installation services from framing to insulation to garage doors.

About LuDPAC

What is LuDPAC?

The mission of the Lumber Dealers Political Action Committee (LuDPAC) is to engage lumber and building material dealers in the political process and promote the building material industry's legislative agenda by electing industry-friendly, pro-business candidates to federal office. LuDPAC allows likeminded members to come together to elect candidates who will be their voice on Capitol Hill.

Why should I join LuDPAC?

Every day in Washington, DC, politicians make decisions that impact your business. From advancing the Innocent Sellers Fairness Act, to expanding small business' access to health insurance, to raising or lowering taxes – your perspective and involvement as a business owner can have a powerful impact on how your elected officials vote in Congress. LuDPAC provides an easy way for you to contribute personally to advance the building supply industry's legislative agenda.

Participating in LuDPAC is an investment in the success of your business and your industry!

A Look into 2009

Remaining Board Meetings – 2009

May 8	Annual state legislative event in Trenton, at a location to be determined
July 28	Annual golf outing, Battleground CC
September 11	Annual Management Roundtable, Atlantic City
November 13	Annual Business Meeting, Woodbridge

All board meetings are open to the membership of the NJBMDA. Meetings are held concurrently with association events and programs to encourage participation.



NJBMDA members chat with Assemblywoman Linda Stender during an annual visit to Trenton.

NJBMDA Announces Officers and Trustees Nominations

In accordance with the bylaws of the Association, the 2008 Nominating Committee presented the following nominations for Officers and Trustees of the New Jersey Building Materials Dealers Association:

Officers

Bryan Jaeger Jaeger Lumber Union, NJ	President, 1st term
Darren DiMedio Dubell Lumber Medford, NJ	1st Vice President, 1st term
Keith Coleman Hamilton Supply Hamilton, NJ	2nd Vice president, 1st term
David Bernstein Mid State Lumber Branchburg, NJ	Treasurer, 1st term

Trustees (3-year term)

Jack Cortese BWI Branchburg, NJ	1st term
Al DeCicco Pro-Build Cherry Hill, NJ	1st term
Steve Gerard Black Millwork Allendale, NJ	2nd term
Kevin Behnke Paramus Building Supply Paramus, NJ	2nd term

Election of these Officers and Trustees was held at the 124th-Annual Meeting on November 13.

NJBMDA Resources

Government Affairs

MBI-Gluck Shaw provides government relations consultation to the NJBMDA. These services focus on legislative and regulatory issue tracking, and lobbying that impacts the member companies or industry as a whole.

However, MBI will also assist member companies with issues affecting their operation, including legislative issues or concerns with executive branch offices including Division of Taxation, Department of Environmental Protection, Department of Banking and Insurance or other departments as requested. Finally, MBI does follow state contracts and will notify the association of possible bidding opportunities.

For more information, please contact:

Scot Mackey, MBI-Gluck Shaw
212 W. State Street, Trenton NJ 08608
Tel. 609-392-3100, Fax 609-392-6347
Email smackey@mbi-gs.com

Public Relations/Marketing/Advertising

Jaffe Communications, Inc. is a full-service public relations, marketing and advertising agency. As the agency of record for the NJBMDA, the company provides any members with recommendations on how to use proven marketing techniques to expand market share, to launch a new product or to broaden the lines of communication with local communities.

As a full-service agency, Jaffe Communications offers graphic design, web design and hosting, printing and mail house services, along with a team of professional writers who have strong relationships with New Jersey-based media.

For more information, please contact:

Jonathan Jaffe, Jaffe Communications, Inc.
200 North Avenue East, Westfield, NJ 07090
Tel. 908-789-0700, Fax 908-292-1177
Email: info@jaffecom.com

Credit/Lien Filings

Pro-filesPlus, based in Trenton, offers Credit and Collection Management and Information Services catered to NJBMDA members.

The products offered include: custom commercial credit reports on contractors and builders, Equifax and TransUnion Consumer Credit Reports, Experian Consumer Credit and Business Reports, Dun & Bradstreet Business Reports, public record searches, New Jersey

construction lien filing services, and property and mortgage searches. The company also offers check clearing and collections through an affiliate, GreenFlag Profit Recovery through Transworld Systems.

For more information, please contact:

Kate Berlin, Pro-filesPlus
P.O. Box 8005, Trenton, NJ
Tel. 609-291-5002, Fax 609-291-9080
www.profilesplus.net

Legal

With more than 250 attorneys, Lowenstein Sandler represents public and private companies, financial institutions, investors, entrepreneurs, universities and individual clients in corporate and litigation matters throughout the country.

Through active involvement in key trade associations such as the NJBMDA, the firm remains immersed in the evolving business and legislative developments impacting the industries that drive our economy, including the building material and supply industry.

This involvement, combined with our open, approachable relationships with the people and companies we represent, helps us work from a client perspective, to find the right answer to every client's matter.

For more information, please contact:

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Group Health Benefits

NJBMDA members and their employees have access to the Association Master Trust (AMT), a unique, self-funded not-for-profit multi-association benefits trust formed to serve the group health benefit needs of participating association employer members.

AMT combines employer units from 13 independent trade associations to maximize claim stability, administrative efficiency, cost savings and offers a full menu of comprehensive benefit plans. Currently, 130 NJBMDA dealers with approximately 4,000 employees and their dependents participate in the program.

For more information, please contact:

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