

the Yard Stick

Mead Lumber Contractor Publication



Market Update

Bryan Rice, VP - Sales and Marketing



A Special Welcome to our new Heartland Building Center friends at Hays, Russell and Stockton in the greater North-Central Kansas markets. With this recent acquisition, Mead

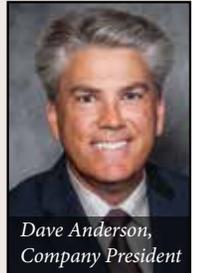
Lumber now has 48 locations across Colorado, Iowa, Kansas, Montana, Nebraska, Oklahoma, South Dakota and Wyoming. Our growing 100% Employee Owned Company consists of lumber yards, hardware stores, home centers, countertop and millwork fabrication facilities along with truss and component plants. We have included much more information on Heartland within this edition of the Yard Stick, but wanted to extend a sincere greeting to our new customers at these locations. We are looking forward to helping you grow.



The Lumber Market. Wow, what a Roller-Coaster Ride and not sure it has all been fun! Starting at \$400 in late 2019, the lumber market skyrocketed straight up to \$1750 in May of this year- record high trading levels and an unprecedented run fueled by short supply coupled with raging demand for forest products both in the repair and remodel markets and new construction. Since hitting that high in May, prices have come crashing down in the past 6-8 weeks with the trade index in the \$525-575 range per board foot at the time of this writing- a major correction to say the least. Of course, trading levels are a composite index; with varying effects dependent upon species, board type, geographic, freight and related. OSB lagged behind for a few months, somewhat surprising but is making up for it with some price-plunging of their own-see graphs. While not pretending to be an expert, the general take is that we are bottoming out and lumber in particular may firm up as demand stays strong and lumberyards (like us) take positions to cover your needs. The real positive note

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The expression “May you live in interesting times” – is it a blessing or a curse? This phrase is an English expression which is claimed to be a translation of a traditional Chinese curse. It seems to be a blessing, but is typically used ironically; life is better in “uninteresting times” of peace and tranquility than in “interesting” ones, which are usually times of chaos or trouble. This past year has certainly been “interesting times” in our industry and businesses as we have maneuvered around the COVID pandemic, material supply shortages, all-time high forest products pricing, significant price increases of all other building materials, seriously extended lead times, lack of available transportation and government incentivized unemployment leading to labor shortages and significant wage inflation. We certainly have faced headwinds. These things have all caused stress in our business systems, with our customers and for our employees.



Dave Anderson, Company President

However, I am an optimist and would rather view the expression from a “blessing” point of view. We are blessed to be part of this great industry and to get to work with outstanding people in terms of our customers, vendors and employees. Our industry is full of “salt of the earth” people whom you can trust and count on. The metrics that drive our businesses continue to be favorable overall. Our activity levels

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Featured Builder - Heritage Builders, Gillette WY



In 1996, Heritage began building custom homes in North East Wyoming with the desire of being synonymous with honesty, fine craftsmanship, quality materials, and attention to detail. Through the years, these principles have earned Heritage a reputation for excellence in the homebuilder, commercial, and agricultural communities.



In 2020, Heritage opened a Custom Cabinetry and Millwork Division with state-of-the-art technology and equipment. Their team provides design, custom woodworking, finishing, and installation, with an emphasis on quality and quick turnaround times.

At Heritage, they use high quality products and deliver the high level, personalized service you deserve. They emphasize customer service, quality, cleanliness, and safety. All Heritage projects are built with care and passion, lovingly crafted, and presented with pride.

Featured Builder - Jay Sornson, CJS Construction, Nebraska City NE

“A new generation of builders for a new generation of buildings.”

We at Mead Lumber are often asked “Who will take over for the old guys when they retire?” And when it comes to house framing and up-scale ag buildings we say “CJS will.”

Jay Sornson, a young man in his early 20's, started his construction company in the spring of 2019 and since that time he has continued to grow his business by supplying a quality product for a competitive price. He builds everything from basic and custom pole barns to up-scale party barns, as well as custom homes and decks. If you have a project, Jay has the equipment and the expertise to finish the job on time



and on budget. For over 2-1/2 years Jay has been an invaluable partner with Mead Lumber and our community, and we look forward to many successful years to come. **Follow Jay on his upcoming projects on Instagram @cjsbuilds.**

Mead Lumber products used -

- Metal roof and wall panels
- Framing lumber
- Exterior doors and windows
- Composite decking

Market Update

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here is that this may be a great time to build and hopefully without “riding the rails”.

While at the time of this writing, lumber and panels have returned to more sustainable, normal levels- we continue to experience rather significant increases in most product categories. In 2021, we have seen product costs increase 10-20% on average with manufacturer increases 2-3 times, which is in itself unprecedented. Know that we are working very pro-actively with manufacturers and distributors to help keep costs down, as we take keeping you (and us) competitive and responsible seriously. On a somewhat related note, while we are flowing much of our products seamlessly, our industry is experiencing significant lead times with some major product categories including windows, millwork and cabinetry. Please be sure to work with your customer and Mead Sales team so that you can flow your project on schedule. We will continue to try to do our part as well.

State of Housing. Home buying both new and existing has been strong in 2021, with new home sales the highest level since 2006, even as the Covid-19 pandemic has moved into its second year, and despite much higher cost levels. What is driving this growth?

- **Low Existing Home Inventories.** There is an estimated shortfall of nearly 4-5 million newly constructed homes. This is playing out in our Mead footprint as well, especially our regional key markets.
- **Historical Low Interest Rates.** With Mortgage Rates at 3-3.5% it makes the monthly outlay more affordable although offset to a large degree by higher home costs- this year 15-20% for the most part. The decline in interest rates have helped to offset the rise in home prices.
- **Housing Shifts from large metro areas** (especially both coasts) to lower density markets such as suburban areas and regional markets. Hey, that’s us.
- **Shifting Demographics.** Millennials



and Gen Z want to get into housing and/or trade up and will be a driving force in the future.

- **Working Remotely.** The ability to work from home is not new as a growing trend even before the coronavirus, but this has become even more prevalent and in some cases employers are now granting employees the flexibility to work from home indefinitely, changing the way the home functions and lives.
- **Boomer housing.** Seniors are expected to vacate over 20 million homes over the next two decades. As they age, they will look for housing and/or retirement communities that better fit their needs and lifestyle.

State of Remodeling/Retail. Remodeling and Home Improvement projects reached new heights in 2020, and 2021 looks good as well with this sector looking to grow 5-7.5% from the previous year- a real bright spot in the U.S. economy. The key here is if it is sustainable, which most think conditions are looking favorable for 2022 as well. Here is why-

- **Higher Cost of Building.** With the cost of building at unprecedented levels coupled with the low inventory of housing, thousands of homeowners are opting to remain in place and invest in their present home for whatever reasons appeal to them be it functionality, increased room or simply an update.
- **The median United States housing stock is over 40 years old,** which tends to mean more upkeep.

- **Repurpose of home to work remotely.** This has continued even with the Country opening up. With an estimated 30-35% of folks having one or more in their household working in some fashion remotely from home, many have found that they need to make changes in their home to support remote work such as home offices, zoom rooms, quiet spaces including outside areas and related.
- **Stimulus Money.** Yup, yet another round up to \$3 trillion dollars which no doubt many continue to invest in their home. While I am not a big fan of printing money, it has been indeed a stimulus for the home improvement industry. Hey, it is always a good thing to repaint a room or add some outdoor living space.

This is my last article for **the Yard Stick** that we started a few years back as I am “transitioning” (o.k. retiring but still can’t get used to that word). I have truly been blessed, and it has been a privilege to work alongside such dedicated and talented teammates, suppliers, and countless others these past 43 years helping to build communities we call home. I want to personally thank one more person especially important to me. You. It is you, our customer, that truly makes the difference. Buildings, trucks, inventory and technology are all very important, and Mead Lumber is our name but what our customer experiences is what truly defines our brand.

It truly has been a great ride. Thank you. God bless each one of you. *Bryan*

Manufacturing

Jeff Taake, VP - Manufacturing and Commercial Sales



NEW - Truss Craft Structural Components of Kansas

The acquisition of Heartland Building Centers will expand our component offerings into Kansas. HBC's component facility is located in Hays, KS. It was rebuilt in 2015 and outfitted with state of the art equipment, after a devastating fire that destroyed the building and all of its contents.

We will rebrand the component plant under Truss Craft Structural Components. We are also in process of recruiting a General Manager to oversee the component plant to intently focus on driving sales, productivity and quality. Derrick Bussman, Market Manager for HBC, and his team will continue to work closely with the Component Plant General Manager to help drive sales.

This new location will allow us to internally distribute floor/roof trusses and prehung doors to our Mead Lumber branches in Kansas.

Robotics in Component Truss Manufacturing

Mead Lumber has made significant investments in advanced manufacturing equipment over the past 8 years. These investments include linear/component saws and automatic truss jigging systems. While these are large and essential investments, they are still labor intensive.



As demand for off-site components continues to grow and skilled labor is in short supply, it is critical that our manufacturing division review and invest in technology that allows us to expand our capacity and enhance our quality.

Over the next several months we will be investigating the feasibility of potentially adding robotics to our component truss plants.



Truss Craft Structural Components - New Kansas Facility

The system we are investigating would allow us to utilize our existing equipment.

Robotic arms would pick truss plates and press them on the truss chords/webs, after which a conveyor would move them down the line sequentially to the assembly tables. The next robot arms place the chords/webs on the assembly table in a predefined order. When the trusses are assembled, the roller gantry rolls over the truss to press the connector plates into the wood. The truss table then ejects the trusses onto conveyor rollers that roll the trusses down the line until they pass through the finish press. Outside the trusses are pulled off the line and into truss bundle for delivery.

While this seems simple, it requires a software developer to write scripts that can work within our plant and with our equipment. It will also require a barcoding system for the optical eyes to process.

Our commitment, to you the customer, is to continue to invest in appropriate innovation that allows us to deliver quality products in a timely manner and at competitive prices.

Truss Connector Plate Allocation and Pricing Increases

Supply constraints across the country continue to extend, the steel industry is no different. Steel availability remains tight and prices stand at record levels. As the demand for steel continues to grow, the situation is unlikely to subside anytime soon. In addition, our connector plate manufacturer continues to struggle with staffing levels and trucking. Thus, connector plates for floor/roof trusses remain on allocation into the foreseeable future.

As a company, our component plants are prioritizing our core customer's projects. We continue to turn down larger commercial and agricultural projects to make sure we reserve

our plate inventories for our core customers. While lumber pricing has retreated, our labor cost and steel plate cost continue to increase. Thank you for your continued support as we navigate these unprecedented times together.



Harmony Railing System – UltraLox DexSpan & Screen Rail

Harmony Railing continues to expand their offerings with the addition of DexSpan and Screen Rail. More information can be found at the following website: <https://ultralox.com/dexspan/>.

DexSpan is an aluminum interlocking deck framing system designed for a quick set up to save time. It will be offered in Black, Bronze or White. Custom colors are available as well.

DexSpan also provides a perfectly flat surface with 31% longer spans than that of treated materials. It is also 40% lighter than treated materials. DexSpan today works best on rectangular shaped decks.

DexSpan also offers an aluminum decking option for commercial projects that require a fire rating. This system also has a hanging deck system. The Screen Railing is a 2" x 2" aluminum rail system that is available in Black, Bronze or White.

To learn more about Harmony Railing, DexSpan and the Screen Rail, please get with your local Sales Representative.

Product Feature - CertainTeed Roofing

Rick Ceass, Director of Purchasing and Supply



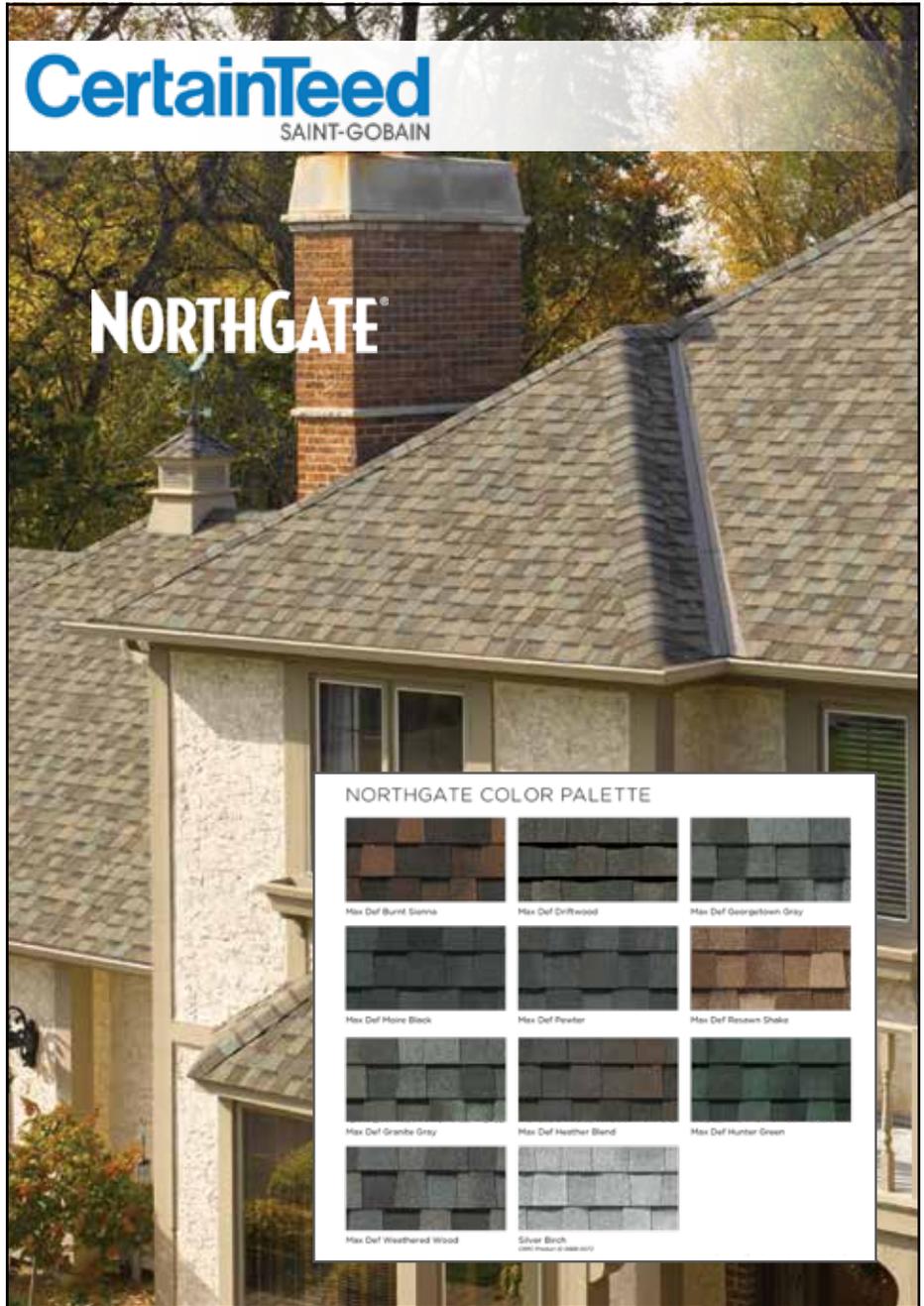
We'd like to welcome Rick Ceass as Director of Purchasing and Supply. Rick comes to our Company with over 20 years of experience in the building materials distribution industry with roles in business development & product management, sales management, direct sales and supply chain & merchandising management. We're confident that he and the Supply team will continue to make a major difference for you.

As a leading roofing supply distributor, Mead Lumber carries all the items you'll need to tackle any roofing project, whether its roof repair, replacement or an entire new roof. Our experienced sales staff will have you back on the job in no time, with the right materials for your residential, commercial and agricultural roofing needs.

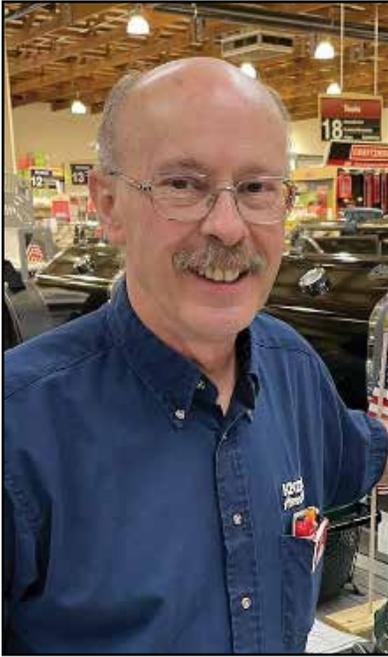


CertainTeed's tried-and-true architectural laminate roofing shingle, Landmark Shingles are designed to replicate the appearance of cedar shake roofing. Landmark is available in an impressive array of colors that complement any trim, stucco or siding.

CertainTeed's NorthGate Class 4 Impact Resistant SBS modified asphalt shingle is unmatched by standard asphalt shingles. The rubberizing aspect of SBS allows greater flexibility so the shingles resist cracking even in extreme cold weather, allowing for year round application. SBS also offers superior granule adhesion, which is one of the key components in protecting the shingle against the elements.



Featured Associate



Chuck Bower
KHC, Rapid City SD

Chuck Bower is a Department Head and Key Holder for our retail team at Knecht Home Center in Rapid City.

Chuck has been in the hardware industry over 43 years and has been with our company for over 35 years of that. Most of that was spent at our Ace Hardware East location. He started as a sales associate and eventually became the store manager and ran that store for 27 years with continued strong financial performance.

When it comes to customer service, Chuck is the pro. He has a true heart of service. He always goes the extra mile to make sure every customer is taken care of. He is also always putting his fellow employees before himself. Because of his knowledge and experience he constantly has customers asking for him by name to help with their project because of the advice he gives. Employees like Chuck are what set the experience at Knecht Home Center apart from the competition.

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remain very strong and are forecasted to remain so for some time. There continues to be significant growth opportunities for our business, and therefore, our people. I am extremely optimistic for the future of our Company because I know we are well-positioned to meet our customers' needs and requirements for years to come. Refer to the 2021 market update section within this publication for further information on our thoughts about this year.

Speaking of growth opportunities, I want to welcome Heartland Building Center and the Company's employees to the Mead family. We acquired Heartland effective July 1, 2021 and are thrilled to have them as part of our team. Heartland consists of four operating locations, a store/lumberyard and truss plant in Hays, Kansas and a store/lumberyard in both Stockton and Russell, Kansas. Founded in 1892, Heartland Building Center is a full-service lumber and building materials supplier serving Professional Builders, Homeowners and Commercial Contractors in the greater North-Central Kansas markets. With this acquisition, our Company now has 48 locations across 8 great plains states.

I want to take this opportunity to say Thank You to Bryan Rice, VP of Sales & Marketing and Region 3 Manager. Bryan has announced his retirement from our Company effective November 30, 2021. Bryan has been instrumental in the growth and success of our Company during his 12 years. He has been a member of our Board of Directors and has played a critical strategic role. Our employee owners are forever grateful to Bryan for his leadership and accomplishments which have put our Company in a great position for our future success.

I also want to Welcome Rick Ceass to Mead Lumber as Director of Purchasing and Supply. Rick comes to our Company with over 20 years of experience in the building materials distribution industry

with roles in business development & product management, sales management, direct sales and supply chain & merchandising management with companies such as Hubbell HGCA, PrimeSource Building Products, ORS Nasco and ProBuild Holdings, Inc.

With this announcement, Jon Zeigler will be transitioning to General Manager of our Munn Lumber locations in Ames & Des Moines, Iowa. Jon has played a critical role in the supply-side of our Company during the past two years and will move into leading one of our largest store operations in Munn. Erik Munn will move into a Business Development and Customer Relationships role at Munn Lumber. Erik has been tremendous in leading the Munn transition into Mead Lumber with fabulous results. I am excited for Rick to join Mead Lumber and am appreciative and proud of both Jon & Erik for what they have been able to accomplish since our Company's acquisition of Munn.

Our Company's growth and success is directly attributable to the relationships we have built with you – our customers. While we have gone through significant change and leadership transition, one thing remains the same; our commitment to serve you in a way that exceeds your expectations. Our mission is to provide quality building materials, services and value with a sustained commitment to serve our customers, helping to build communities across the Great Plains. You can count on us to be there for you and your customers.

Thank you for being our customer and for allowing us to partner with you. We look forward to many years of being your trusted resource in providing quality building materials, services and value that you have come to expect and rely upon. Today, more than ever, we are positioned to help our customers, employee owners and communities succeed and grow. - Dave

the Mead Legacy Home Plan Collection

As Mead Lumber and Knecht Home Center, we have been designing and providing homes to builders and prospective home owners since 1910! It's the essence of what we do, and who we are. We have put together an in-house collection of home plans for you to select from. But more importantly, we are fully capable today (working with you and your builder) of designing your home exactly the way you want it, to the specifications that work for you, integrating the products you select that best fit your budget and lifestyle. Whether you want to start with one of our great new home plans or have an idea that perhaps you have scratched out at your kitchen table, we are prepared to help. You may expect our entire home plan collection to include the following:

- ✓ Designs - customizable to the builder, and the end user.
- ✓ Blueprints - drawn to *your* specifications and to industry standards.
- ✓ Attractive Renderings that accurately project how your home will look.
- ✓ Interactive, itemized material lists integrated with our estimating systems.
- ✓ Options (finished lower level, choices around millwork, roofing and siding, finished garage, deck and patio, fireplace, etc.)
- ✓ Professional assistance and know-how by trained personnel, from design to delivery.

1 Story			1-1/2 Story & Split Level			Duplexes		
Plan Name	Sq. Ft.	Page	Plan Name	Sq. Ft.	Page	Plan Name	Sq. Ft.	Page
Newbridge	1080	5	Highland View	805	27	Williamsburg	1456	45
The Bungalow	1189	6	Afton Oaks	1342	28	Durham Flats	1646	46
Iron Flats	1246	7	Yellowstone	1554	29	Twin Peaks	1739	47
Granite Gables	1259	8	Spring Brook	1574	30	Briargate	2708	48
Oakdale	1328	9	Teton	1777	31			
Lancaster	1436	10	The Bradley	2041	32			
Hartford	1464	11						
Oxford	1523	12	2 Story			Cabins		
North Shores	1550	13	Plan Name	Sq. Ft.	Page	Plan Name	Sq. Ft.	Page
Willow Creek	1564	14	Bay Harbor	1707	35	Alpine Retreat	685	49
Berkeley	1668	15	Edinboro	1768	36	Maple Grove	792	50
Lindberg	1673	16	Kamryn	1983	37	Pheasant Run	1297	51
Beethoven	1704	17	Boulder Ridge	2023	38	Dakota Meadows	1974	52
Fox Hollow	1772	18	Pebble Brook	2304	39			
Cambridge	1792	19	Camden	2427	40			
Roosevelt	1797	20	Hampton	2532	41			
Callaway	1995	21	The Annabelle	2659	42			
Hunters Point	2480	22						
Grand Manor	2530	23						



Mead Lumber

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Purchase Announcement - Heartland Building Center

Mead Lumber is pleased to announce that it has entered into an agreement to acquire Heartland Building Center located in Hays, Stockton and Russell, Kansas. Founded in 1892, Heartland Building Center is a full service lumber and building materials supplier serving Professional Builders, Homeowners and Commercial Contractors in the greater North-Central Kansas markets.

"We are thrilled to join the Mead Lumber team. Mead shares our work ethic and values, our dedication to great customer service, and our commitment to employee development. I am very excited about Heartland Building Center's future with Mead Lumber," said Heartland Building Center Co-Owner and

President Verlin Pfannenstiel. The business will continue to operate under the name Heartland Building Center. The current management team under the direction of Derrick Bussman, general manager, will continue to lead day-to-day operations, along with all current employees.

"Heartland Building Center is a great company with a tremendous reputation and long-standing history in the building community; we are excited to have them join our family," said Dave Anderson, President of Mead Lumber. "This acquisition is a great opportunity for our Company and fits our strategic plan to expand further into Kansas."



*Closing on the Heartland Building Center Purchase.
From left to right: Jake Lentfer, Dave Anderson,
Verlin Pfannenstiel, Derrick Bussman*

What's Cooking?

Maureen Gustafson



A yummy and easy side for hot summer days! Goes great with your grilled dishes or just to munch on. This recipe will last several days when covered in an airtight container and refrigerated.

- 16 oz cream cheese - softened
- 1 can Original Rotel tomatoes (drained, 10 oz)
- 1 can Hot Rotel tomatoes (drained, 10 oz)
- 2 cans Mexicorn (drained, 11 oz each)
- 3 Tablespoons Powdered Hidden Valley Ranch Dressing
- Chili powder and cayenne to taste

If you double the recipe, only use three cans of corn & use 3 hot Rotel and 1 original.

Serve chilled with Fritos Scoops or Tostitos Scoops.

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