

A TIMBER BUSINESS BRANCHES OUT

Two Rivers Lumber Co.
Builds a State-of-the-Art Sawmill
in Demopolis

Not far from the confluence of the Tombigbee and Black Warrior rivers, a new landscape has emerged over the past year and a half. What was once an empty warehouse in Demopolis is now a state-of-the-art sawmill that has generated nearly 100 jobs and millions of board feet of lumber.

The yard around Two Rivers Lumber Co. is stacked with timber harvested in western Alabama and eastern Mississippi, which is transformed from huge logs into kiln-dried dimensional lumber. Milled and graded using the latest technology, the southern yellow pine then heads to home improvement stores and other buyers from Texas to Michigan.

The idea for the mill arose out of necessity for longtime family friends who have run a timber business for decades. The end result turned out better than anyone imagined.

From Logging to Lumber

Two Rivers Lumber has its origins in a logging company started in the early 1960s by James C. “Buddy” McElroy of Sumter County, Ala. Within a few short years, business was booming at Sumter Timber Co., which spun off its trucking operation, McElroy Truck Lines, in the 1980s. Today, Buddy’s sons Jay and Sean operate the award-winning flatbed carrier, and longtime friend Roy Geiger runs the timber operation.

The two businesses still work closely together.

A few years ago, one 300-acre plot seemed like it would be an easy contract for Jay and Roy. They knew the hard costs for harvesting and transportation, plus the price the timber would fetch from a sawmill, so it was a shock when another bid came in \$188,000 higher. As it turns out, the competition owned a sawmill and could make up the difference by selling the finished lumber.



Yellow pine logs are cut to size at the Two Rivers sawmill.

Wanting to avoid pricing differences in the future, the pair started to think about building a mill of their own.

Logging and transportation was something they understood. What they didn’t have was experience converting timber to

lumber. If the idea was going to go any further, they would have to do their research.

The Right Team

For well over a year, Roy and Jay talked to other mills and evaluated local timber resources. One name kept coming up in discussions — Randell Robinson, who has operated and managed sawmills for decades. When Randell agreed to work with them, the mill transformed from an idea to a real opportunity.

The next step was determining the cost.

When some engineering firms quoted the project at upwards of \$150 million, the partners began to have some doubts. Could they really make this happen?

Thankfully, Randell had contacts in the lumber industry such as Brian Fehr, managing director of the BID Group, which was building a sawmill in Newton, Miss. The proximity to Demopolis translated into a cost savings,



Part of the team that made the sawmill happen. From left to right are Randell Robinson, Dennis Drinkard, Jay McElroy and Roy Geiger.



bringing the construction bid much lower — right where it needed to be to make this dream possible.

Finding the Right Finance Partner

To finance the project, Jay and Roy visited with a commercial bank they'd worked with before. Alabama Ag Credit entered the scene when the bank turned to the lending cooperative for its expertise in agriculture and structuring complex agri-business loans.

Soon Alabama Ag Credit was evaluating the best term and rate for all the parties. Then when the commercial bank backed out not long into the process, the co-op stepped up to see the project through.

Two Rivers Lumber has a seamless experience because it deals with one team in its local community. All it takes is a visit or a text to Jason Abrams, vice president and branch manager at Alabama Ag Credit's Demopolis office, to handle questions or transactions.

With financing in hand, construction could officially begin.

"Two Rivers Lumber just wouldn't be here today if it wasn't for the team at Alabama

Ag Credit," says Jay, president of McElroy Truck Lines, who co-owns the mill along with Roy and Sean McElroy.

Capacity and Future Plans

In July 2017, six months after the ground-breaking, the saws buzzed through the first set of practice logs at Two Rivers Lumber.

Meanwhile, Roy and Jay recruited top talent such as sales manager Dennis Drinkard, who has strong relationships with warehouse stores and other buyers. The mill's largest account is Menards, a family-owned home improvement store with more than 300 stores in 14 states.

Having the latest equipment and easy access to trucking gives Two Rivers a competitive advantage because it can quickly fill and deliver orders. When the mill added a second shift this past March, production capacity jumped to about 4 million board feet per week.

Producing that much lumber is only possible because of technology brought in by the BID Group. To get the most lumber possible out of each log, lasers and scanners measure diameter, length, crooks and knots within seconds. Two Rivers also uses automation to grade the lumber, which

The late James C. "Buddy" McElroy, who started the original logging company in the 1960s, holds a sign for the Southern Pine Inspection Bureau, which calibrates the automatic grading equipment at Two Rivers Lumber every week.

at some sawmills is still a tedious manual practice.

In the future, the mill could also start a pellet operation or take advantage of its river access to ship by barge to the Gulf of Mexico and overseas.

While the land and location leave room for future expansion, Roy and the McElroys are thankful for the success of the operation and their strong relationships with their business partners. Buddy McElroy also got to see the dream become reality before passing away in early 2018.

"Now everyone wants to do business with us, but that wasn't the case when we first got started," says Roy. "Alabama Ag Credit believed in us from the beginning, so we plan to give that loyalty back."

