



MINNESOTA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF FORESTRY

NOTICE OF SALE OF STUMPAGE ON STATE LANDS IN THE FOLLOWING AREA:
TWO HARBORS AREA

STATUS: COMPLETED
REGULAR AUCTION - SALE #2
SEALED BID

Notice is hereby given that I offered for sale by sealed bid auction, timber belonging to the State of Minnesota. Bid forms were required to be submitted at the address listed on the bid form prior to 2:00 PM on Wednesday, January 13, 2016. All tracts were awarded at the Tettegouche State Park Visitor Center at 9:30 AM on January 14, 2016 in Silver Bay, MN.

All of the timber offered was SFI and FSC certified.

The following pages list the lands upon which the timber was located, the estimated quantities of timber offered, the appraised prices, and the bid prices.



The resource management of the Minnesota DNR's state forests and wildlife management areas meets the objectives of the SFI © program (Certificate No. NSF-SFI-FM-6Y921) and the principles of the FSC © certification standard (Certificate No. SCS-FM/COC-00088N).

FSC
100%



MINNESOTA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF FORESTRY
REGULAR AUCTION
SEALED BID TIMBER SALE
TWO HARBORS AREA

**SEALED BIDS MUST BE RECEIVED PRIOR TO
2:00 PM on January 13, 2016**

**Bids will be awarded at the following location:
Tettegouche State Park Visitor Center at 9:30 AM on January 14, 2016 in Silver Bay, MN**

TERMS OF SALE

- This auction sale will be held according to Minnesota Statutes Sections 90.101 and 90.14. Timber shall be offered and sold by the same unit of measure as it was appraised. Sale shall be made to the responsible bidder who bids the highest price for all timber species advertised for bidding on each tract. Bids must be submitted on bid forms provided by the State, each bid must be sealed in a separate envelope, the envelope must be clearly marked with the tract number and bidder's name on the outside of the envelope. Bid forms may be obtained from the Forestry Area Office(s) listed above. Bids may be submitted by mail or in person at any time during regular business hours prior to the bid submission deadline (January 13, 2016). Any or all bids may be rejected and sales canceled for good and sufficient reasons.

REGISTRATION AND ELIGIBLE BIDDERS

- Interested persons must be registered at least four (4) business days prior to the auction by submitting an *Annual Timber Sales Purchaser Registration* form. No bid will be accepted from anyone having a delinquent timber sale or trespass account or a willful timber trespass with any public agency in Minnesota, or from anyone who does not qualify as a Responsible Bidder as defined in Minnesota Statutes § 90.01 (12), or from anyone who has been debarred for cause by any public agency [M.S. § 90.041 (11)].

ADVANCE PAYMENT

- The advance payment of fifteen (15) percent of the appraised value of the timber is due within fourteen (14) days from the bid award date. Advance payments will not be accepted with the bid. Failure to provide the advance payment within 14 days of the bid opening date will result in forfeiture of the permit and the purchaser will be held liable for the advance payment. The successful bidders's advance payment will be kept on deposit by the State and applied against any billings for timber.

BID GUARANTEE

- For any bid increase in excess of \$10,000 of the appraised price, a bid guarantee equal to fifteen (15) percent of the total bid price of the timber less the down payment amount is required at the time the permit is signed. If the bid guarantee is not submitted with the signed permit, the permit cancels, and the down payment forfeits to the State. If the permit holder fails to execute an effective permit, the bid guarantee payment forfeits to the State.

PURCHASER AND LOGGER QUALIFICATIONS AND OPERATIONS REQUIREMENTS

- The purchaser or the purchaser's agents, employees, subcontractors, and assigns conducting logging operations on a timber permit must comply with the general industry safety standards for logging (e.g., LogSafe) adopted by the Commissioner of Labor and Industry and provide proof of compliance with these standards. The purchaser or the purchaser's agents, employees, subcontractors, and assigns conducting logging operations on a timber permit must comply with the State of Minnesota mandatory insurance requirements before harvest operations begin. A *Certification of Compliance with the Minnesota Workers' Compensation Law* form must be submitted each year. Before the start of harvest operations, the purchaser must certify that a designated foreperson, who will be supervising active logging operations, has a current certificate of completion from a logger education program (e.g., MLEP or FISTA) approved by the Commissioner of Natural Resources.

SECURITY REQUIRED

- The purchaser must furnish security equal to the total bid value of the permit, LESS the amount paid as an advance payment and bid guarantee. Security can be furnished in the following forms: Corporate surety bond, certified check, cashier's check, personal check, money order, or by signing a Cutting Block Payment Agreement for individual cutting blocks, at least one business day prior to the start of any permit operations. If the purchaser elects to receive a refund of the advance payment and bid guarantee, they must furnish security in a form described above, for one hundred (100) percent of the total bid value of the timber purchased. If the deferred cash payment for cutting blocks is selected, the advance payment and bid guarantee WILL NOT be refunded. If the purchaser elects to secure a permit by prepayment of cutting block(s), they must make a written request on a form provided by the state. No harvesting is permitted until proper security has been furnished to and approved by the Commissioner of Natural Resources or his agent.

PERMIT TERMS

- A permit to harvest and remove the timber from state lands will be issued to the purchaser. NO permit shall be issued to anyone other than the purchaser in whose name the bid was made. All timber purchased on the permit must be harvested prior to the permit expiration date. All permits provide for the continuous identification of timber from the time of cutting until delivery to the consumer. Failure to continuously identify the timber as specified in the permit shall constitute trespass. Also, please note all harvest specifications on each tract being sold. Only one Regular Extension is permitted for exceptional circumstances. An annual interest rate of 5 percent may be charged on a regular extension for the period of the extension.

UNSOLD TRACTS

- On the next regular business day (8:00 AM - 4:30 PM, Monday - Friday, except holidays) after the date of the auction sale, unsold tracts may be available for over-the-counter purchase at the appraised price for a period of no more than one year. Unless canceled for reoffer at an earlier date, unsold tracts will be available until January 13, 2017, at the following Area Headquarters: Two Harbors Area.

TRACT B1 COUNTY: ST. LOUIS AREA: TWO HARBORS AREA ACRES: 50.0

Permit Number: B013231
Expiration Date: 05/31/2019

Purchased By: Sappi Cloquet LLC
Address: 20 N. 22nd St. Wood Fiber & Fuel Proc, Cloquet, MN 55720

SESE, SWSE of Section 21 - Township 57, Range 12W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 125	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ TREMBLING ASPEN	WOODSRUN CORDWOOD	540.00	Cd	21.68	11,707.20	48.78	26,341.20
+ BALSAM FIR	WOODSRUN CORDWOOD	326.00	Cd	12.75	4,156.50	28.69	9,352.94
+ PAPER BIRCH	WOODSRUN CORDWOOD	107.00	Cd	10.20	1,091.40	22.95	2,455.65
RED MAPLE	WOODSRUN CORDWOOD	11.00	Cd	10.20	112.20	10.20	112.20
+ BID SPECIES * SOLD ON APPRAISED VOLUME				APPRAISED TOTAL =	\$17,067.30	BID TOTAL = \$	38,261.99
				ADVANCE PAYMENT =	\$2,560.10		

Optional Timber (may be purchased with an Added Timber Agreement):

ANY LISTED SPECIES BIOMASS 440.00 Tons 1.00 440.00

Cutting and Felling:

- Harvest all aspen, red maple, balsam fir and paper birch.

Season of Operations:

- Conduct sale operations on dry/frozen soil conditions only, except with written permission from State.

Sale Conditions:

- Access is across state land.

Marketing Conditions:

Aspen: 12-14" DBH, 4-5 stick average
Balsam fir: 6-7" DBH, 2-3 stick average
Red maple: 8-10" DBH, 2-3 stick average
Paper birch: 8-10" DBH, 2-3 stick average

Price Adjustments:

Road Construction Costs: 0%
Haul Distance to Nearest Mill: 0%
Stand Density: 0%
Operational Constraints: 0%
Other Price Factor: 0%

Appraiser:

Trevor Karl Poyhonen

TRACT B2 COUNTY: LAKE AREA: TWO HARBORS AREA ACRES: 120.6

Permit Number: B013232 Purchased Over-the-Counter Date: 02/05/2016
Expiration Date: 05/31/2019

Purchased By: Ernest Timber & Trucking LLC
Address: 6367 Hotop Ln, Saginaw, MN 55779

NESE, NESW, NWSE, NWSW, SENW, SESE, SESW, SWNE, SWSE, SWSW of Section 21; NESE, NWSE, SESE of Section 20 - Township 58, Range 7W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 0	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ BALSAM FIR	WOODSRUN CORDWOOD	450.00	Cd	7.65	3,442.50	7.65	3,442.50
+ ASPEN SPECIES	WOODSRUN CORDWOOD	335.00	Cd	12.89	4,318.15	12.89	4,318.15
+ MIXED SPRUCE	WOODSRUN CORDWOOD	310.00	Cd	8.16	2,529.60	8.16	2,529.60
PAPER BIRCH	WOODSRUN CORDWOOD	105.00	Cd	6.12	642.60	6.12	642.60

+ BID SPECIES * SOLD ON APPRAISED VOLUME

APPRAISED TOTAL = \$10,932.85 BID TOTAL = \$ 10,932.85
 ADVANCE PAYMENT = \$1,639.93

Optional Timber (may be purchased with an Added Timber Agreement):

ANY LISTED SPECIES BIOMASS 552.00 Tons 0.60 331.20

Mixed Species Description:

Aspen Species Woodsrun Cordwood includes: Balm of Gilead 5%; Trembling Aspen 95%.
Mixed Spruce Woodsrun Cordwood includes: Black Spruce 33%; White Spruce 67%.

Cutting and Felling:

- Harvest aspen, birch, and balsam fir. In areas with dense spruce remove one third volume, thinning areas will be identified by TSA prior to harvesting.

Season of Operations:

- Conduct sale operations on frozen soil conditions only, except with written permission from State.

Sale Conditions:

- Access is across state land.

Marketing Conditions:

Averages:
Aspen 4 stick, 12" DBH
Paper birch 3.5 stick, 10" DBH
Balsam fir 3 stick, 8" DBH
Spruce 3.5 stick, 8" DBH

Price Adjustments:

Road Construction Costs: 0%
Haul Distance to Nearest Mill: 0%
Stand Density: 0%
Operational Constraints: -5%
Other Price Factor: -35% (Lake County Discount)

Appraiser:

Jason A. Bushmaker

TRACT B3

COUNTY: LAKE

AREA: TWO HARBORS AREA

ACRES: 278.6

Permit Number: B013233
Expiration Date: 05/31/2019

Purchased By: Sappi Cloquet LLC

Address: 20 N. 22nd St. Wood Fiber & Fuel Proc, Cloquet, MN 55720

NENE, NESE, NESW, NWNE, NWNW, NWSE, NWSW, SENE, SENW, SESE, SESW, SWNE, SWNW, SWSW of Section 36 - Township 59, Range 6W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 23	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ NORTHERN HARDWOODS	WOODSRUN CORDWOOD	1,775.00	Cd	4.57	8,111.75	5.62	9,975.50
+ PAPER BIRCH	WOODSRUN MIXED PRODUCTS	800.00	Cd	5.60	4,480.00	6.89	5,512.00
+ MIXED SPRUCE	WOODSRUN MIXED PRODUCTS	675.00	Cd	10.54	7,114.50	12.96	8,748.00
+ ASPEN SPECIES	WOODSRUN CORDWOOD	260.00	Cd	9.74	2,532.40	11.98	3,114.80
+ NORWAY PINE	WOODSRUN MIXED PRODUCTS	118.00	Cd	23.05	2,719.90	28.35	3,345.30
	BALSAM FIR	96.00	Cd	5.74	551.04	5.74	551.04
+ BID SPECIES * SOLD ON APPRAISED VOLUME				APPRAISED TOTAL =	\$25,509.59	BID TOTAL = \$	31,246.64
				ADVANCE PAYMENT =	\$3,826.44		

Optional Timber (may be purchased with an Added Timber Agreement):

ANY LISTED SPECIES BIOMASS 1,675.00 Tons 0.45 753.75

Mixed Species Description:

Aspen Species Woodsrun Cordwood includes: Balm of Gilead 1%; Trembling Aspen 99%.
Mixed Spruce Woodsrun Mixed Products includes: Black Spruce 60%; White Spruce 40%.
Northern Hardwoods Woodsrun Cordwood includes: Ash 1%; Red Maple 5%; Sugar Maple 94%.

Mixed Product Description:

Mixed Spruce Woodsrun Mixed Products includes: Bolts 59%; Pulpwood 41%.
Norway Pine Woodsrun Mixed Products includes: Bolts 59%; Pulpwood 41%.
Paper Birch Woodsrun Mixed Products includes: Bolts 33%; Pulpwood 67%.

Cutting and Felling:

- Harvest all aspen species, paper birch, balsam fir, black spruce and white spruce. Thin red pine plantations to 70-90 basal area; selecting the poorest formed red pine stems first. The northern hardwood stand is a strip thinning. Harvest 20 foot wide strips and leave 40 feet in-between strips. Thin the 40 foot leave strips by removing one third of the volume. Harvest all other listed species throughout the entire stand.
- Reserve white pine, white cedar, and yellow birch.
- Reserve all non-hazardous snags.

Season of Operations:

- Conduct sale operations on frozen soil conditions only, except with written permission from State.
- Frozen ground access across Minnesota Power, USFS and State land.

Landings Roads and Trails:

- Recreation trail may be used as access.
- A minimum of four inches of snow must be left on the recreation trail from Dec. 1 - March 31.
- River crossing structures must be removed upon completion.

Sale Conditions:

- Access crosses Public Waters. A Permit is not required if using a snow / ice bridge.

Sale Conditions (Continued):

- Access is across Minnesota Power, USFS and state land.
- Permission to cross Minnesota Power land must be obtained by permittee.
- Provisions of access and /or water crossing permits will become part of sale terms and conditions for this sale.

Marketing Conditions:

Northern hardwoods: 1-5 sticks, 5-22" DBH
Paper birch: 3-4 sticks, 10-13" DBH
White spruce: 5-6 sticks, 12" DBH
Red pine: 4 sticks, 10-12" DBH
Black spruce: 4 sticks, 8-10" DBH
Aspen species: 4-5 sticks, 12-14" DBH
Balsam fir: 1-2 sticks, 5-8" DBH

Price Adjustments:

Road Construction Costs: -10%
Haul Distance to Nearest Mill: 0%
Stand Density: 0%
Operational Constraints: -10%
Other Price Factor: -35% (Lake County discount)

Appraiser:

Trevor Karl Poyhonen

(Appraisal ID 11092-0; Cutting Block ID 12920-0)

TRACT B4

COUNTY: COOK

AREA: TWO HARBORS AREA

ACRES: 71.1

Permit Number: B013234
 Expiration Date: 05/31/2019

Purchased By: Hedstrom Lumber Company Inc.
Address: 1504 Gunflint Trail, Grand Marais, MN 55604

NENE,NWNE,SENE,SWNE of Section 16 - Township 62, Range 4W.
 SWSW of Section 21; SESE of Section 20 - Township 62, Range 4W.
 NESW,NWSE,SENE,SWNE of Section 16 - Township 62, Range 4W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 11	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ NORWAY PINE	WOODSRUN MIXED PRODUCTS	559.00	Cd	4.94	2,761.46	5.48	3,134.56
+ JACK PINE	WOODSRUN CORDWOOD	140.00	Cd	2.98	417.20	3.31	552.77
+ BALSAM FIR	WOODSRUN CORDWOOD	103.00	Cd	3.19	328.57	3.54	364.62
PAPER BIRCH	WOODSRUN CORDWOOD	94.00	Cd	2.55	239.70	2.55	239.70
MIXED SPRUCE	WOODSRUN CORDWOOD	30.00	Cd	3.40	102.00	3.40	170.00

+ BID SPECIES * SOLD ON APPRAISED VOLUME

APPRAISED TOTAL = \$3,848.93
 ADVANCE PAYMENT = \$577.34
 BID TOTAL = \$ 4,461.65

Optional Timber (may be purchased with an Added Timber Agreement):

ANY LISTED SPECIES BIOMASS 489.22 Tons 0.25 122.31

Mixed Species Description:

Mixed Spruce Woodsrun Cordwood includes: Black Spruce 70%; White Spruce 30%.

Mixed Product Description:

Norway Pine Woodsrun Mixed Products includes: Bolts 30%; Pulpwood 70%.

Cutting and Felling:

- Harvest by strip thinning Red Pine and Jack Pine. Cut strips should be 16' wide. The center of each strip is to be 50 feet apart. Thin leave strips to residual basal area of 80 sq. ft. / ac. To achieve desired results, average spacing of residual trees should be 16' center-to-center. Favor the largest Red Pine with the best form for leave trees. Only cut Jack Pine in order to release Red Pine. See TSA for further details. Remove all Birch and Fir (Cutting Blocks 1 and 3).
- Harvest by thinning Red Pine and Jack Pine to residual basal area of 80 sq. ft. / ac. To achieve desired results, average spacing of residual trees should be 16'. Favor the largest Red Pine with the best form for leave trees. Only cut Jack Pine in order to release Red Pine. See TSA for further details. Remove all Birch and Fir (Cutting Block 2).

Season of Operations:

- Conduct sale operations on frozen soil conditions only, except with written permission from State (Cutting Block 1).
- Conduct sale operations on frozen or dry soil conditions only, except with written permission from State (Cutting Blocks 2 and 3).

Sale Conditions:

- Access is across USFS and State land (Cutting Blocks 1, 2, and 3).

Marketing Conditions:

Average diameter of cut species is 9", avg # 8' sticks: 3-4.
 Access to sale is off of USFS RD # 1273.

Price Adjustments:

Road Construction Costs: 0%
 Haul Distance to Nearest Mill: 0%
 Stand Density: 0%
 Operational Constraints: -10%

Other Price Factor: -65% (Cook County Discount)

Appraiser:

Benjamin J. Mattsen

(Appraisal ID 11636-0; Cutting Block ID 13573-0, 13537-0, 13592-0)

TRACT B5 COUNTY: COOK AREA: TWO HARBORS AREA ACRES: 282.0

Permit Number: B013235
 Expiration Date: 01/13/2021

Purchased By: Johnson Brothers Firewood
 Address: P.O. Box 41, Hovland, MN 55606

NESE,NWSE,SENE,SWNE of Section 24; NENW,NESW,NWSE,SENE,SWNE of Section 25 - Township 63, Range 4E.
 NENE,NESE,NWNE,SENE,SWNE of Section 36 - Township 63, Range 4E.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 3	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ ASPEN SPECIES	WOODSRUN CORDWOOD	1,960.00	Cd	6.15	12,054.00	6.33	12,406.80
+ PAPER BIRCH	WOODSRUN CORDWOOD	1,155.00	Cd	2.97	3,430.35	3.06	3,534.30
+ BALSAM FIR	WOODSRUN CORDWOOD	890.00	Cd	4.17	3,711.30	4.30	3,827.00
+ MAPLE SPECIES	WOODSRUN CORDWOOD	590.00	Cd	2.97	1,752.30	3.06	1,805.40
MIXED SPRUCE	WOODSRUN CORDWOOD	175.00	Cd	4.46	780.50	4.46	780.50

+ BID SPECIES * SOLD ON APPRAISED VOLUME

APPRAISED TOTAL = \$21,728.45
 ADVANCE PAYMENT = \$3,259.27
 BID TOTAL = \$ 22,354.00

Optional Timber (may be purchased with an Added Timber Agreement):

ANY LISTED SPECIES BIOMASS 2,471.00 Tons 0.35 864.85

Mixed Species Description:

Aspen Species Woodsrun Cordwood includes: Balm of Gilead 6%; Trembling Aspen 94%.
 Maple Species Woodsrun Cordwood includes: Red Maple 40%; Sugar Maple 60%.
 Mixed Spruce Woodsrun Cordwood includes: Black Spruce 5%; White Spruce 95%.

Cutting and Felling:

- Harvest all aspen, paper birch, and balsam fir (Cutting Block 1).
- Harvest all aspen, paper birch, spruce, balsam fir, and maple (Cutting Block 2).

Season of Operations:

- Conduct sale operations on frozen soil conditions only, except with written permission from State (Cutting Blocks 1 and 2).

Sale Conditions:

- Access is across Grand Portage Reservation land (Cutting Block 1).
- Access is across reservation and USFS land (Cutting Block 2).
- Permission to cross Grand Portage Reservation land must be obtained by permittee (Cutting Blocks 1 and 2).

Marketing Conditions:

Prices reduced 65% due to location in Cook County. This sale was appraised by several out of area foresters; please contact Aaron Mielke or Jason Bushmaker for more details.

Best access is across Grand Portage Reservation off Old Hwy 61 and the Sleepy Hollow Road, Grand Portage Forestry will need to be contacted to obtain permission and any required permits for this access route. A temporary crossing will also be required on this access route to cross the Reservation River, Grand Portage Forestry will need to be contacted for approval of crossing. Grand Portage Forestry is in the planning process of possibility installing a permanent crossing at the Reservation River, contact them for further details and timeline.

Grand Portage is also be offering a sale in the vicinity with the same access route, contact Grand Portage Forestry for more details.

Price Adjustments:

Road Construction Costs: 0%
Haul Distance to Nearest Mill: 0%
Stand Density: 0%
Operational Constraints: 0%
Other Price Factor: -65% (Cook County Discount)

Appraiser:

Aaron J. Mielke

(Appraisal ID 10713-0; Cutting Block ID 12534-0, 12537-0)

Harvest specifications and additional information about each tract may be obtained upon request from the following
DNR Area Forestry Office:

TWO HARBORS AREA

The right is reserved to reject any and all bids.

For the Commissioner
MINNESOTA DEPARTMENT OF NATURAL RESOURCES

By: _____
Authorized Signature
Division Of Forestry
Dated: January 13, 2016

- SUMMARY SHEET -

01/13/2016 REGULAR AUCTION - SALE #2

COMPLETED - DATA AS OF 12/26/2017

TWO HARBORS AREA

SUMMARY FOR <u>SOLD</u> TRACTS					
PRODUCT	SPECIES	TOTAL VOLUME	UNIT	SOLD AVERAGE UNIT PRICE	TOTAL SOLD \$ VALUE
WOODSRUN MIXED PRODUCTS	PAPER BIRCH	800.00	Cd	6.89	5,512.00
	NORWAY PINE	677.00	Cd	9.57	6,479.86
	MIXED SPRUCE	675.00	Cd	12.96	8,748.00
WOODSRUN CORDWOOD	ASPEN SPECIES	2,555.00	Cd	7.77	19,839.75
	TREMBLING ASPEN	540.00	Cd	48.78	26,341.20
	PAPER BIRCH	1,461.00	Cd	4.70	6,872.25
	MAPLE SPECIES	590.00	Cd	3.06	1,805.40
	NORTHERN HARDWOODS	1,775.00	Cd	5.62	9,975.50
	RED MAPLE	11.00	Cd	10.20	112.20
	JACK PINE	140.00	Cd	3.95	552.77
	BALSAM FIR	1,865.00	Cd	9.40	17,538.10
	MIXED SPRUCE	515.00	Cd	6.76	3,480.10
BIOMASS	ANY LISTED SPECIES (optional)	5,627.22	Tons	-	0.00

TOTAL SOLD TRACTS CONVERTED TO CORDS: 11,604.00
TOTAL APPRAISED DOLLAR VALUE OF SOLD TRACTS: \$ 79,087.12
TOTAL BID-UP DOLLAR VALUE OF SOLD TRACTS: \$ 107,257.13
TOTAL ACRES SOLD: 802.3
TOTAL NUMBER OF TRACTS SOLD: 5