



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 #1
ORAL BID

Notice is hereby given that I offered for sale at public auction in Silver Bay, MN at 9:30 AM on Wednesday, January 11, 2017, timber belonging to the State of Minnesota. All tracts were offered at the Tettegouche State Park Visitor Center 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
ORAL BID TIMBER SALE
TWO HARBORS AREA

9:30 AM on January 11, 2017
Tettegouche State Park Visitor Center 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. Bidding above the appraised price shall be by increments of one (1) percent or more. The percent bid up will be added to the appraised price of each species indicated as a bid species by a plus symbol (+) on the Notice of Sale. 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)].

DOWN PAYMENT

- Purchasers of timber must pay a down payment of fifteen (15) percent of the appraised value of the timber at the time the purchaser's bid is approved. The down payment will be kept on deposit by the State and applied against any billings for timber. The purchaser may elect to have the down payment refunded if they post security for one hundred (100) percent of the bid price of the timber (see Security Required). If the purchaser does not sign the permit document within 45 days of sale, the down payment will forfeit to the State. A permit signature extension of 10 business days may be granted, provided the purchaser pays a \$200 penalty.

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 a down payment and bid guarantee. Security can be furnished in the following forms: Corporate surety bond, Letter of Credit, 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 down 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 down 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 11, 2018, at the following Area Headquarters: Two Harbors Area.

TRACT B1 COUNTY: LAKE AREA: TWO HARBORS AREA ACRES: 225.0

Permit Number: B013564
Expiration Date: 05/31/2020

Purchased By: Sappi Cloquet LLC
Address: 20 N. 22nd Street, Cloquet, MN 55720

NENE, NESE, NESW, NWNE, NWSE, NWSW, SENE, SENW, SESE, SESW, SWNE, SWNW, SWSE of Section 16 - Township 55, Range 10W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 81	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ SUGAR MAPLE	WOODSRUN CORDWOOD	3,200.00	Cd	10.20	32,640.00	18.46	59,072.00
+ PAPER BIRCH	WOODSRUN CORDWOOD	475.00	Cd	10.20	4,845.00	18.46	8,768.50
TREMBLING ASPEN	WOODSRUN CORDWOOD	120.00	Cd	21.68	2,601.60	21.68	2,601.60

+ BID SPECIES * SOLD ON APPRAISED VOLUME

APPRAISED TOTAL = \$40,086.60 BID TOTAL = \$ 70,442.10
 ADVANCE PAYMENT = \$6,012.99

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

BASSWOOD	WOODSRUN CORDWOOD	500.00	Cd	8.50	4,250.00
ANY LISTED SPECIES	BIOMASS	2,165.00	Tons	1.00	2,165.00

Cutting and Felling:

- Harvest Maple between 6" and 18" DBH, aspen > 11" DBH, and 3/4 of remaining live paper birch.
- Reserve maple > 18" DBH and aspen < 11 DBH. 25% of live birch evenly scattered for seed trees, all yellow birch, all oak, and all conifers. Leave 50' to 85' RMZ around numerous open water wetlands depending on % slope to wetland. Leave basswood unless purchase of optional timber, leave 25% of basswood scattered if optional timber purchased.

Season of Operations:

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

Sale Conditions:

- Access is across county land.
- Permission to cross county 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:

Maple = 3-6 sticks, 9-12" DBH
 Aspen = 6-7 sticks, 12-15" DBH
 Birch = 5-6 sticks, 10-14" DBH
 Basswood = 5-7 sticks 9-13" DBH
 Some slopes over 25% and multiple small open water wetlands will make parts of this sale resemble a patch cut more than a clearcut.

Price Adjustments:

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

Appraiser:

Robert O. Fasteland

TRACT B2

COUNTY: LAKE

AREA: TWO HARBORS AREA

ACRES: 38.8

Permit Number: B013565
Expiration Date: 05/31/2020

Purchased By: Fjeran's Forest Prod.
Address: 1801 Hwy 3, Two Harbors, MN 55616

GL02, GL03, NESE, NESW, NWSE, SENE, SENW, SWNE of Section 31 - Township 57, Range 8W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 25	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ PAPER BIRCH	WOODSRUN CORDWOOD	365.00	Cd	10.20	3,723.00	12.75	4,653.75
+ ASPEN SPECIES	WOODSRUN CORDWOOD	330.00	Cd	21.49	7,091.70	26.86	8,863.80
+ MIXED SPRUCE	WOODSRUN CORDWOOD	220.00	Cd	13.60	2,992.00	17.00	3,740.00
BALSAM FIR	WOODSRUN CORDWOOD	70.00	Cd	12.75	892.50	12.75	892.50
NORWAY PINE	WOODSRUN MIXED PRODUCTS	55.00	Cd	15.77	867.35	15.77	867.35
ASH	WOODSRUN CORDWOOD	45.00	Cd	5.95	267.75	5.95	267.75
MAPLE SPECIES	WOODSRUN CORDWOOD	40.00	Cd	10.20	408.00	10.20	408.00
TAMARACK	WOODSRUN CORDWOOD	5.00	Cd	5.10	25.50	5.10	25.50

+ BID SPECIES * SOLD ON APPRAISED VOLUME

APPRAISED TOTAL = \$16,267.80
ADVANCE PAYMENT = \$2,440.17
BID TOTAL = \$ 19,718.65

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

ANY LISTED SPECIES BIOMASS 525.00 Tons 1.00 525.00

Mixed Species Description:

Aspen Species Woodsrun Cordwood includes: Balm of Gilead 5%; Trembling Aspen 95%.
Maple Species Woodsrun Cordwood includes: Red Maple 90%; Sugar Maple 10%.
Mixed Spruce Woodsrun Cordwood includes: Black Spruce 53%; White Spruce 47%.

Mixed Product Description:

Norway Pine Woodsrun Mixed Products includes: Bolts 35%; Pulpwood 20%; Sawtimber 45%.

Cutting and Felling:

- Harvest aspen, birch, spruce, balsam, maple, and ash >8" DBH.

Season of Operations:

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

Sale Conditions:

- Access is across state land.

Marketing Conditions:

Block_1 on the map has late summer; dry summer, fall harvest opportunity. Block_2 on the map is frozen ground only harvest. Talk with TSA for further details of operability chances.

Averages:

- Spruce 9" DBH, 5 stick
- Tamarack 9" DBH, 5 stick
- Birch 12" DBH, 5 stick
- Aspen 10" DBH, 5 stick
- Red pine 11" DBH, 6 stick
- Ash 10" DBH, 4 stick
- Balsam 8" DBH, 3 stick
- Maple 9" DBH, 4 stick

Price Adjustments:

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

Appraiser:

Jason A. Bushmaker

(Appraisal ID 12325-0; Cutting Block ID 14415-0)

TRACT B3 COUNTY: COOK AREA: TWO HARBORS AREA ACRES: 134.0

Permit Number: B013566
Expiration Date: 05/31/2020

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

GL01,NESE,SENE of Section 2; GL04,NWSW of Section 1 - Township 63, Range 3E.
GL03,NWSE,SWSE of Section 1 - Township 63, Range 3E.
SESW,SWSW of Section 35 - Township 64, Range 3E.
NESE,NWNE,SENE,SESE,SWNE of Section 13; NENE of Section 24 - Township 63, Range 3E.
NENE of Section 19; GL03,GL04,NESE,NWSE,SENE,SESE,SESW,SWSE of Section 18 - Township 63, Range 4E.
GL01,GL02 of Section 2 - Township 63, Range 3E.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 0	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ NORWAY PINE	PULP & BOLTS	1,410.00	Cd	13.77	19,415.70	13.77	19,415.70
SPRUCE-BALSAM	WOODSRUN CORDWOOD	9.00	Cd	5.91	53.19	5.91	53.19
ASPEN SPECIES	WOODSRUN CORDWOOD	8.00	Cd	5.73	45.84	5.73	45.84
PAPER BIRCH	WOODSRUN CORDWOOD	2.00	Cd	3.57	7.14	3.57	7.14
WHITE PINE	WOODSRUN CORDWOOD	1.00	Cd	4.17	4.17	4.17	4.17

+ BID SPECIES * SOLD ON APPRAISED VOLUME

APPRAISED TOTAL = \$19,526.04 BID TOTAL = \$ 19,526.04
 ADVANCE PAYMENT = \$2,928.91

Mixed Species Description:

Aspen Species Woodsrun Cordwood includes: Balm of Gilead 38%; Trembling Aspen 62%.
Spruce-Balsam Woodsrun Cordwood includes: Balsam Fir 19%; Black Spruce 33%; White Spruce 47%.

Mixed Product Description:

Norway Pine Pulp & Bolts includes: Bolts 32%; Pulpwood 68%.

Cutting and Felling:

- Harvest Norway pine marked with yellow paint (Cutting Blocks 3 and 4).
- Harvest by selectively thinning Norway pine in rows 14-15 ft wide every 46 ft as directed by TSA (Cutting Blocks 1 and 2).

Season of Operations:

- Conduct sale operations on dry or frozen soil conditions only, except with written permission from State (Cutting Blocks 1, 3, and 4).
- Conduct sale operations on frozen soil conditions only, except with written permission from State (Cutting Block 2).

Sale Conditions:

- Access is across State land (Cutting Blocks 1, 2, 3, and 4).

Marketing Conditions:

- Block 1: Norway Pine 15% bolts avg 5 sticks avg 10" dbh
- Block 2: Norway pine 40% bolts avg 5 sticks 10" dbh
- Block 3: Norway pine 50% bolts 6-7 sticks avg 11" dbh
- Block 4: Norway pine 40% bolts 6-7 sticks avg 11" dbh

Price Adjustments:

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

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

Appraiser:

Anna K. Heruth

(Appraisal ID 12590-0; Cutting Block ID 14691-0, 14709-0, 14704-0, 14710-0)

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 11, 2017

- SUMMARY SHEET -

01/11/2017 REGULAR AUCTION - SALE #1

COMPLETED - DATA AS OF 12/27/2017

TWO HARBORS AREA

SUMMARY FOR <u>SOLD</u> TRACTS					
PRODUCT	SPECIES	TOTAL VOLUME	UNIT	SOLD AVERAGE UNIT PRICE	TOTAL SOLD \$ VALUE
PULP & BOLTS	NORWAY PINE	1,410.00	Cd	13.77	19,415.70
WOODSRUN MIXED PRODUCTS	NORWAY PINE	55.00	Cd	15.77	867.35
WOODSRUN CORDWOOD	ASH	45.00	Cd	9.73	437.75
	ASPEN SPECIES	338.00	Cd	26.36	8,909.64
	TREMBLING ASPEN	120.00	Cd	21.68	2,601.60
	PAPER BIRCH	842.00	Cd	15.95	13,429.39
	MAPLE SPECIES	40.00	Cd	10.20	408.00
	SUGAR MAPLE	3,200.00	Cd	18.46	59,072.00
	BASSWOOD (optional)	500.00	Cd	-	0.00
	WHITE PINE	1.00	Cd	4.17	4.17
	SPRUCE-BALSAM	9.00	Cd	5.91	53.19
	BALSAM FIR	70.00	Cd	12.75	892.50
	TAMARACK	5.00	Cd	5.10	25.50
	MIXED SPRUCE	220.00	Cd	17.00	3,740.00
BIOMASS	ANY LISTED SPECIES (optional)	2,690.00	Tons	-	0.00
TOTAL SOLD TRACTS CONVERTED TO CORDS:		6,355.00			
TOTAL APPRAISED DOLLAR VALUE OF SOLD TRACTS:		\$ 75,880.44			
TOTAL BID-UP DOLLAR VALUE OF SOLD TRACTS:		\$ 114,106.79			
TOTAL ACRES SOLD:		397.8			
TOTAL NUMBER OF TRACTS SOLD:		3			