



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, June 7, 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 June 7, 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 June 7, 2018, at the following Area Headquarters: Two Harbors Area.

TRACT B1 COUNTY: LAKE AREA: TWO HARBORS AREA ACRES: 216.0

Permit Number: B013645
Expiration Date: 05/31/2020

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

NENE of Section 16; NESW,NWSE,SESW of Section 9; GL01 of Section 8 - Township 58, Range 10W.
NENW,NESW,NWSE,SESW,SWNE of Section 16 - Township 58, Range 10W.
NESE,NWSE,SENE,SESE,SWSE of Section 16 - Township 58, Range 10W.
NWSW,SWSW of Section 16; GL01 of Section 20 - Township 58, Range 10W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 50	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ MIXED SPRUCE	WOODSRUN CORDWOOD	1,817.00	Cd	14.45	26,255.65	21.68	39,392.56
+ TREMBLING ASPEN	WOODSRUN CORDWOOD	1,662.00	Cd	26.35	43,793.70	39.53	65,698.86
+ BALSAM FIR	WOODSRUN CORDWOOD	793.00	Cd	14.45	11,458.85	21.68	17,192.24
+ PAPER BIRCH	WOODSRUN MIXED PRODUCTS	727.00	Cd	11.97	8,702.19	17.96	13,056.92
TAMARACK	WOODSRUN CORDWOOD	11.00	Cd	6.80	74.80	6.80	74.80

+ BID SPECIES * SOLD ON APPRAISED VOLUME

APPRAISED TOTAL = \$90,285.19 BID TOTAL = \$ 135,415.38
 ADVANCE PAYMENT = \$13,542.78

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

ANY LISTED SPECIES BIOMASS 2,662.00 Tons 1.00 2,662.00

Mixed Species Description:

Mixed Spruce Woodsrun Cordwood includes: Black Spruce 94%; White Spruce 6%.

Mixed Product Description:

Paper Birch Woodsrun Mixed Products includes: Bolts 26%; Pulpwood 74%.

Cutting and Felling:

- Harvest black spruce, white spruce, tamarack, trembling aspen, paper birch and balsam fir (Cutting Blocks 1, 2, 3, and 4).
- Multiple cutting block sale, see individual cutting blocks for specifications (Cutting Blocks 1, 2, 3, and 4).

Season of Operations:

- Conduct sale operations on frozen soil conditions only, except with written permission from State (Cutting Blocks 1, 2, 3, and 4).
- Frozen ground access across USFS, State and Wolf Lands Inc (Cutting Blocks 1, 2, 3, and 4).

Sale Conditions:

- Access is across USFS, State and Wolf Lands Inc land (Cutting Blocks 1, 2, 3, and 4).
- Permission to cross Wolf Lands Inc. land must be obtained by permittee (Cutting Blocks 1, 2, 3, and 4).
- Provisions of access and /or water crossing permits will become part of sale terms and conditions for this sale (Cutting Blocks 1, 2, 3, and 4).

Marketing Conditions:

Averages:
Trembling aspen: 12" DBH, 6 sticks
Balsam fir: 8" DBH, 3 sticks
Mixed spruce: 9" DBH, 5 sticks
Paper birch: 10" DBH, 4 sticks

Approximately 1.6 miles of new winter road construction needed to access sale.

Permission to cross Wolf Lands Inc. must be obtained by permit holder.

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

(Appraisal ID 13021-0; Cutting Block ID 15248-0, 15243-0, 15212-0, 15252-0)

TRACT B2

COUNTY: COOK

AREA: TWO HARBORS AREA

ACRES: 142.9

Permit Number: B013646

Purchased Over-the-Counter Date: 06/30/2017

Expiration Date: 05/31/2020

Purchased By: Holden Logging

Address: PO Box 557, Finland, MN 55603

NENW,NESW,NWNE,NWNW,NWSE,SENW,SWNW of Section 16 - Township 59, Range 4W.

NESE,SESE of Section 8 - Township 59, Range 4W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 0	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ NORTHERN HARDWOODS	WOODSRUN CORDWOOD	1,480.00	Cd	3.57	5,283.60	3.57	5,283.60
ASH	WOODSRUN CORDWOOD	10.00	Cd	2.08	20.80	2.08	20.80
ASPEN SPECIES	WOODSRUN CORDWOOD	10.00	Cd	7.25	72.50	7.25	72.50
WHITE SPRUCE	WOODSRUN CORDWOOD	10.00	Cd	4.76	47.60	4.76	47.60
+ BID SPECIES * SOLD ON APPRAISED VOLUME				APPRAISED TOTAL =	\$5,424.50	BID TOTAL = \$	5,424.50
				ADVANCE PAYMENT =	\$813.68		

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

ANY LISTED SPECIES BIOMASS 860.00 Tons 1.00 860.00

Mixed Species Description:

Aspen Species Woodsrun Cordwood includes: Balm of Gilead 25%; Trembling Aspen 75%.

Northern Hardwoods Woodsrun Cordwood includes: Paper Birch 10%; Red Maple 10%; Sugar Maple 75%; Yellow Birch 5%.

Cutting and Felling:

- Harvest 20 feet wide strips every 40 feet within the thinning areas, or as directed by TSA. Harvest maple, ash, paper birch, and spruce >12 inches within the gap cuts (Cutting Blocks 1 and 2).
- Reserve yellow birch, cedar within the gap cuts. These areas will be marked with orange paint (Cutting Blocks 1 and 2).

Season of Operations:

- No sale operations allowed between Friday through Sunday , without written permission from State (Cutting Blocks 1 and 2).
- Conduct sale operations on frozen soil conditions only, except with written permission from State (Cutting Blocks 1 and 2).

Sale Conditions:

- Access is across USFS land (Cutting Block 1).
- Access is across state land (Cutting Block 2).
- Provisions of access and /or water crossing permits will become part of sale terms and conditions for this sale (Cutting Blocks 1 and 2).

Marketing Conditions:

This sale is located just north of Tofte in Cook County on Hwy 2 and adjacent to the Sugarbush Ski Trails. Harvesting is planned for frozen ground due to the extent and number of seeps/seasonal ponds within the harvest area. Contact TSA for more details on the harvest prescription.

Averages:

- Maple 10" DBH, 3-4 sticks
- Ash 9" DBH, 4 sticks
- Birch 9" DBH, 4 sticks
- Spruce 14" DBH, 5-6 sticks
- Aspen 12" DBH, 4-5 sticks

Price Adjustments:

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

Appraiser:

Jason A. Bushmaker

(Appraisal ID 13039-0; Cutting Block ID 15226-0, 15228-0)

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: June 7, 2017

- SUMMARY SHEET -

06/07/2017 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
WOODSRUN MIXED PRODUCTS	PAPER BIRCH	727.00	Cd	17.96	13,056.92
WOODSRUN CORDWOOD	ASH	10.00	Cd	2.08	20.80
	ASPEN SPECIES	10.00	Cd	7.25	72.50
	TREMBLING ASPEN	1,662.00	Cd	39.53	65,698.86
	NORTHERN HARDWOODS	1,480.00	Cd	3.57	5,283.60
	WHITE SPRUCE	10.00	Cd	4.76	47.60
	BALSAM FIR	793.00	Cd	21.68	17,192.24
	TAMARACK	11.00	Cd	6.80	74.80
	MIXED SPRUCE	1,817.00	Cd	21.68	39,392.56
BIOMASS	ANY LISTED SPECIES (optional)	3,522.00	Tons	-	0.00
TOTAL SOLD TRACTS CONVERTED TO CORDS:		6,520.00			
TOTAL APPRAISED DOLLAR VALUE OF SOLD TRACTS:		\$ 95,709.69			
TOTAL BID-UP DOLLAR VALUE OF SOLD TRACTS:		\$ 140,839.88			
TOTAL ACRES SOLD:		358.9			
TOTAL NUMBER OF TRACTS SOLD:		2			