



MINNESOTA DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF FORESTRY

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

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**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 Thursday, January 25, 2018, 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 25, 2018  
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 25, 2019, at the following Area Headquarters: Two Harbors Area.

**TRACT B1** COUNTY: LAKE AREA: TWO HARBORS AREA ACRES: 38.0

Permit Number: B013860  
Expiration Date: 05/31/2021

Purchased By: Futurewood Corp  
Address: 9676 N Kruger Rd, Hayward, WI 54843

NWNW of Section 28; SESW,SWSE,SWSW of Section 21 - Township 58, Range 7W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 15	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ ASPEN SPECIES	WOODSRUN CORDWOOD	196.00	Cd	26.35	5,164.60	30.30	5,938.80
+ WHITE SPRUCE	PULP & BOLTS	120.00	Cd	17.56	2,107.20	20.19	2,422.80
+ BALSAM FIR	WOODSRUN CORDWOOD	80.00	Cd	14.45	1,156.00	16.62	1,329.60
+ PAPER BIRCH	WOODSRUN CORDWOOD	77.00	Cd	11.90	916.30	13.69	1,054.13
+ BID SPECIES * SOLD ON APPRAISED VOLUME				APPRAISED TOTAL =	\$9,344.10	BID TOTAL = \$	10,745.33
				ADVANCE PAYMENT =	\$1,401.62		

**Mixed Species Description:**

Aspen Species Woodsrun Cordwood includes: Balm of Gilead 5%; Trembling Aspen 95%.

**Mixed Product Description:**

White Spruce Pulp & Bolts includes: Bolts 20%; Pulpwood 80%.

**Cutting and Felling:**

- Harvest aspen, birch, and balsam fir. Harvest spruce larger than 8" DBH.

**Season of Operations:**

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

**Sale Conditions:**

- Access is across state land.

**Marketing Conditions:**

Averages:  
Aspen 10" DBH, 3-4 stick  
Birch 9" DBH, 3 stick  
Balsam fir 6" DBH, 2-3 stick  
Spruce 11" DBH, 3-4 stick

**Price Adjustments:**

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

**Appraiser:**

Jason A. Bushmaker

**TRACT B2** COUNTY: COOK AREA: TWO HARBORS AREA ACRES: 53.2

Permit Number: B013861  
Expiration Date: 05/31/2021

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

NENW,NWNE,SENE,SWNE of Section 36 - Township 62, Range 3W.  
NWNE,SENE,SWNE of Section 36 - Township 62, Range 3W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 0	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ NORWAY PINE	WOODSRUN MIXED PRODUCTS	710.00	Cd	18.19	12,914.90	18.19	12,914.90
+ TREMBLING ASPEN	WOODSRUN CORDWOOD	530.00	Cd	9.22	4,886.60	9.22	4,886.60
+ BID SPECIES * SOLD ON APPRAISED VOLUME				APPRAISED TOTAL =		\$17,801.50	BID TOTAL = \$ 17,801.50
				ADVANCE PAYMENT =		\$2,670.23	

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

ANY LISTED SPECIES BIOMASS 755.00 Tons 1.00 755.00

**Mixed Product Description:**

Norway Pine Woodsrun Mixed Products includes: Bolts 60%; Pulpwood 40%.

**Cutting and Felling:**

- Harvest Red Pine by logger select thinning. The largest trees, and/or trees with the best form should be selected for leave trees. Reduce basal area to an average of 90 sq. ft./acre - or - an average spacing of 16 feet. See TSA for further details (Cutting Block 1).
- Harvest aspen (Cutting Block 2).

**Season of Operations:**

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

**Sale Conditions:**

- Access is across private land (Cutting Blocks 1 and 2).
- Permission to cross private land must be obtained by permittee (Cutting Blocks 1 and 2).

**Marketing Conditions:**

- Cutting block 1:
- 1st entry pine thinning
  - Avg. DBH: 10"
  - Avg. Sticks: 4
- Cutting block 2:
- Hybrid Aspen plantation
  - Avg. DBH: 8"
  - Avg. Sticks: 6

**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:**

Benjamin J. Mattsen

(Appraisal ID 13340-0; Cutting Block ID 15510-0, 15515-0)

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**TRACT B3** COUNTY: COOK AREA: TWO HARBORS AREA ACRES: 118.7

Permit Number: B013862  
Expiration Date: 05/31/2021

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

GL07,SESE,SESW,SWSE of Section 35 - Township 64, Range 4E.  
NESE of Section 35; GL02,SWSW of Section 36 - Township 64, Range 4E.  
SESW,SWSW of Section 35 - Township 64, Range 4E.  
GL01,GL02 of Section 2 - Township 63, Range 4E.  
GL02,GL03 of Section 2 - Township 63, Range 4E.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 0	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ NORWAY PINE	WOODSRUN MIXED PRODUCTS	1,155.00	Cd	13.41	15,488.55	13.41	15,488.55
+ WHITE SPRUCE	WOODSRUN CORDWOOD	925.00	Cd	2.89	2,673.25	2.89	2,673.25
+ BALSAM FIR	WOODSRUN CORDWOOD	275.00	Cd	2.89	794.75	2.89	794.75
+ BID SPECIES * SOLD ON APPRAISED VOLUME				APPRAISED TOTAL =		\$18,956.55	BID TOTAL = \$ 18,956.55
				ADVANCE PAYMENT =		\$2,843.48	

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

ANY LISTED SPECIES BIOMASS 1,404.00 Tons 1.00 1,404.00

**Mixed Product Description:**

Norway Pine Woodsrun Mixed Products includes: Bolts 43%; Pulpwood 57%.

**Cutting and Felling:**

- Harvest Red Pine and White Spruce by logger select thinning. Cut skid / forwarding trails as necessary; 16'-18' wide. Reduce remaining basal area to approx. 90 sq. ft. / acre - or - an average center to center tree spacing of 15 feet. Favor Red Pine over White Spruce for leave trees. Also favor trees with the best form (Cutting Block 1).
- Harvest Red Pine by logger select thinning. Reduce average basal area to 80 sq. ft. per acre. Cut in skid trails / thinning rows as necessary. See TSA for further details (Cutting Block 2).
- Harvest White Spruce by logger select strip thinning. Cut strips should be 16-18' wide; 50' apart on center. Reduce basal area in leave strips to approx. 90 sq. ft./ac. - or - an average residual spacing of 13'. Favor the largest trees and/or trees with the best form for leave trees. Harvest all Balsam Fir. See TSA for further details (Cutting Block 3).

**Season of Operations:**

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

**Landings Roads and Trails:**

- Notification to trail group must be given at least 5 days before operations begins (Cutting Blocks 1, 2, and 3).

**Sale Conditions:**

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

**Marketing Conditions:**

First entry thinning - all blocks  
Block 1:  
Avg DBH/Sticks:  
Red Pine - 10"; 4 sticks  
White Spruce - 8"; 3 sticks  
Block 2:  
Red Pine - 8"; 4 sticks

Block 3:

White Spruce - 8"; 4 sticks

Balsam Fir - 8"; 4 sticks

**Price Adjustments:**

Road Construction Costs: 0%

Haul Distance to Nearest Mill: 0%

Stand Density: 0%

Operational Constraints: 0%

Other Price Factor: -80% (County discount and first entry thinning)

**Appraiser:**

Benjamin J. Mattsen

(Appraisal ID 13407-0; Cutting Block ID 15584-0, 15639-0, 15637-0)

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**TRACT B4**

**COUNTY: COOK**

**AREA: TWO HARBORS AREA**

**ACRES: 132.0**

Permit Number: B013863  
Expiration Date: 05/31/2021

Purchased By:  
Address:

# UNSOLD

NESE,NESW,NWSE,SESE,SESW,SWNE,SWNW,SWSE of Section 36 - Township 63, Range 1E.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID: _____	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ NORWAY PINE	WOODSRUN CORDWOOD	1,500.00	Cd	1.87	2,805.00	1.87	2,805.00
+ BID SPECIES      * SOLD ON APPRAISED VOLUME				APPRAISED TOTAL =	\$2,805.00	BID TOTAL = \$	2,805.00
				ADVANCE PAYMENT =	\$420.75		

**Cutting and Felling:**

- Harvest red pine as logger select thinning with a goal to reduce average spacing within the stand to 15'x15' with residual merchantable red pine evenly spaced as possible.

**Season of Operations:**

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

**Landings Roads and Trails:**

- Road right of way crossing approval from Cook County may be required.

**Sale Conditions:**

- Access is across State land off the Gunflint Trail land.

**Marketing Conditions:**

Cook County price reduction of 65%  
Red Pine- 3-4 stx and 7" dbh ave

**Price Adjustments:**

Road Construction Costs: 0%  
Haul Distance to Nearest Mill: 0%  
Stand Density: 0%  
Operational Constraints: 0%  
Other Price Factor: -80% (Cook County discount and reoffer)

**Appraiser:**

Aaron J. Mielke



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 25, 2018

- SUMMARY SHEET -

01/25/2018 REGULAR AUCTION - SALE #1

COMPLETED - DATA AS OF 01/25/2018

TWO HARBORS AREA

**SUMMARY FOR SOLD TRACTS**

<u>PRODUCT</u>	<u>SPECIES</u>	<u>TOTAL VOLUME</u>	<u>UNIT</u>	<u>SOLD AVERAGE UNIT PRICE</u>	<u>TOTAL SOLD \$ VALUE</u>
PULP & BOLTS	WHITE SPRUCE	120.00	Cd	20.19	2,422.80
WOODSRUN MIXED PRODUCTS	NORWAY PINE	1,865.00	Cd	15.23	28,403.45
WOODSRUN CORDWOOD	ASPEN SPECIES	196.00	Cd	30.30	5,938.80
	TREMBLING ASPEN	530.00	Cd	9.22	4,886.60
	PAPER BIRCH	77.00	Cd	13.69	1,054.13
	WHITE SPRUCE	925.00	Cd	2.89	2,673.25
	BALSAM FIR	355.00	Cd	5.98	2,124.35
BIOMASS	ANY LISTED SPECIES (optional)	2,159.00	Tons	-	0.00

**TOTAL SOLD TRACTS CONVERTED TO CORDS:** 4,068.00  
**TOTAL APPRAISED DOLLAR VALUE OF SOLD TRACTS:** \$ 46,102.15  
**TOTAL BID-UP DOLLAR VALUE OF SOLD TRACTS:** \$ 47,503.38  
**TOTAL ACRES SOLD:** 209.9  
**SOLD TRACT NUMBERS:** 1, 2, 3  
**TOTAL NUMBER OF TRACTS SOLD:** 3

**SUMMARY FOR UNSOLD TRACTS**

<u>PRODUCT</u>	<u>SPECIES</u>	<u>TOTAL VOLUME</u>	<u>UNIT</u>	<u>APPRAISED AVERAGE UNIT PRICE</u>	<u>APPRAISED \$ VALUE</u>
WOODSRUN CORDWOOD	NORWAY PINE	1,500.00	Cd	1.87	2,805.00

**TOTAL UNSOLD TRACTS CONVERTED TO CORDS:** 1,500.00  
**TOTAL APPRAISED DOLLAR VALUE OF UNSOLD TRACTS:** \$ 2,805.00  
**TOTAL ACRES UNSOLD:** 132.0  
**UNSOLD TRACT NUMBER:** 4  
**TOTAL NUMBER OF TRACTS UNSOLD:** 1