



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 #3
ORAL BID

Notice is hereby given that I offered for sale at public auction in Silver Bay, MN at 9:30 AM on Thursday, June 14, 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 June 14, 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 June 14, 2019, at the following Area Headquarters: Two Harbors Area.

TRACT B1 COUNTY: LAKE AREA: TWO HARBORS AREA ACRES: 220.1

Permit Number: B013961
Expiration Date: 05/31/2021

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

NESW of Section 12; NENW of Section 13 - Township 57, Range 11W.
SESW of Section 11; NENW,NESW,NWNE,NWNW,SESW,SWNE,SWSW of Section 14 - Township 57, Range 11W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 60	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ TREMBLING ASPEN	PULPWOOD	1,849.00	Cd	24.00	44,376.00	38.40	71,001.60
+ MIXED SPRUCE	PULPWOOD	1,447.00	Cd	19.00	27,493.00	30.40	43,988.80
+ BALSAM FIR	PULPWOOD	872.00	Cd	15.00	13,080.00	24.00	20,928.00
+ PAPER BIRCH	PULPWOOD	291.00	Cd	13.00	3,783.00	20.80	6,052.80
NORWAY PINE	PULP & BOLTS	60.00	Cd	33.65	2,019.00	33.65	2,019.00
TAMARACK	PULPWOOD	21.00	Cd	8.00	168.00	8.00	168.00
RED MAPLE	PULPWOOD	10.00	Cd	13.00	130.00	13.00	130.00

+ BID SPECIES * SOLD ON APPRAISED VOLUME
 APPRAISED TOTAL = \$91,049.00
 ADVANCE PAYMENT = \$13,657.35
 BID TOTAL = \$ 144,288.20

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

ANY LISTED SPECIES BIOMASS 2,330.00 Tons 1.00 2,330.00

Mixed Species Description:

Mixed Spruce Pulpwood includes: Black Spruce 98%; White Spruce 2%.

Mixed Product Description:

Norway Pine Pulp & Bolts includes: Bolts 85%; Pulpwood 15%.

Cutting and Felling:

- Harvest black spruce, white spruce, trembling aspen, tamarack, paper birch, balsam fir, and red maple (Cutting Block 1).
- Harvest black spruce, white spruce, trembling aspen, tamarack, paper birch, balsam fir, and red maple in the clear cut with reserve stands identified on the map. Thin the Norway pine plantation using a single tree selection method. Remove the poorest formed stems first to reduce the basal area to 70-90/acre. Reserve all hardwood species. Strip thin the white spruce plantations to an average of 70-90 basal area an acre. Reserve all hardwood species (Cutting Block 2).
- Reserve 3-5 live sound paper birch spaced approx. 100 ft. apart per acre in the paper birch seed tree stand identified on map (Cutting Block 2).

Season of Operations:

- Conduct sale operations on dry soil conditions only, except with written permission from State (Cutting Block 2).
- Conduct sale operations on frozen soil conditions only, except with written permission from State (Cutting Block 1).
- Frozen ground access across State of MN and Lake County land (Cutting Block 1).

Sale Conditions:

- Access is across State of MN and Lake County land (Cutting Block 1).
- Access is across State of MN and USFS land (Cutting Block 2).

Marketing Conditions:

Access is on the Upland Trail State Forest Road.

Portions of cutting block 002 will be frozen soil conditions only. Contact forester for more details on frozen ground portions of this block.

Frozen soil conditions harvest estimate (includes cutting block 001): 2,200 cords

Dry soil conditions harvest estimate: 2,350 cords

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 13895-0; Cutting Block ID 16272-0, 16231-0)

TRACT B2 COUNTY: COOK AREA: TWO HARBORS AREA ACRES: 214.3

Permit Number: B013962
Expiration Date: 05/31/2022

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

GL05,NESW of Section 29 - Township 62, Range 1W.
NENE,NWNE of Section 32 - Township 62, Range 1W.
NENW,NWNW,SENW,SWNW of Section 32; SWSW of Section 29 - Township 62, Range 1W.
NENE,NENW,NWNE,SENE,SENW,SWNE of Section 32 - Township 62, Range 1W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 295	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ TREMBLING ASPEN	PULPWOOD	5,290.00	Cd	8.40	44,436.00	33.18	175,522.20
+ PAPER BIRCH	PULPWOOD	2,808.00	Cd	3.57	10,024.56	14.10	39,592.80
+ BALSAM FIR	PULPWOOD	540.00	Cd	4.46	2,408.40	17.62	9,514.80
+ MIXED SPRUCE	PULP & BOLTS	380.00	Cd	20.77	7,892.60	82.04	31,175.20
+ BID SPECIES * SOLD ON APPRAISED VOLUME				APPRAISED TOTAL =	\$64,761.56	BID TOTAL = \$	255,805.00
				ADVANCE PAYMENT =	\$9,714.23		

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

ANY LISTED SPECIES BIOMASS 5,675.00 Tons 0.35 1,986.25

Mixed Species Description:

Mixed Spruce Pulp & Bolts includes: Black Spruce 21%; White Spruce 79%.

Mixed Product Description:

Mixed Spruce Pulp & Bolts includes: Bolts 58%; Pulpwood 42%.

Cutting and Felling:

- Harvest Aspen, Paper birch, Spruce, and Balsam fir (Cutting Blocks 1, 2, and 3).
- Harvest Paper Birch and Aspen (Cutting Block 4).

Season of Operations:

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

Sale Conditions:

- Access is across USFS land (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:

Access is across USFS land, an access permit will be required, and has been applied for.

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:

Benjamin J. Mattsen

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 14, 2018

- SUMMARY SHEET -

06/14/2018 REGULAR AUCTION - SALE #3

COMPLETED - DATA AS OF 06/14/2018

TWO HARBORS AREA

SUMMARY FOR SOLD TRACTS

PRODUCT	SPECIES	TOTAL VOLUME	UNIT	SOLD AVERAGE UNIT PRICE	TOTAL SOLD \$ VALUE
PULP & BOLTS	NORWAY PINE	60.00	Cd	33.65	2,019.00
	MIXED SPRUCE	380.00	Cd	82.04	31,175.20
PULPWOOD	TREMBLING ASPEN	7,139.00	Cd	34.53	246,523.80
	PAPER BIRCH	3,099.00	Cd	14.73	45,645.60
	RED MAPLE	10.00	Cd	13.00	130.00
	BALSAM FIR	1,412.00	Cd	21.56	30,442.80
	TAMARACK	21.00	Cd	8.00	168.00
	MIXED SPRUCE	1,447.00	Cd	30.40	43,988.80
BIOMASS	ANY LISTED SPECIES (<i>optional</i>)	8,005.00	Tons	-	0.00

TOTAL SOLD TRACTS CONVERTED TO CORDS: 13,568.00
TOTAL APPRAISED DOLLAR VALUE OF SOLD TRACTS: \$ 155,810.56
TOTAL BID-UP DOLLAR VALUE OF SOLD TRACTS: \$ 400,093.20
TOTAL ACRES SOLD: 434.4
TOTAL NUMBER OF TRACTS SOLD: 2