

DEPARTMENT OF NATURAL RESOURCES STATE OF MICHIGAN

TIMBER SALE PROSPECTUS #5441

SCHEDULED SALE DATE AND TIME: 11:00 a.m. (local time) on September 9, 2015. LOCATION: GLADWIN MGMT UNIT, 801 N SILVERLEAF, GLADWIN, MI 48624.

PROSPECTUS NOTE: The bidder is advised to inspect the sale area and review the location, estimated volumes, operating costs and contract terms of proposed sales. Please be aware that some landowners may request 60 days or more notice for access across their land.

Notice is hereby given that bids will be received by the Unit Manager, GLADWIN MANAGEMENT UNIT, for certain timber on the following described lands:

<u>CRANBERRY PINE</u> (73-010-15-01) / T20N, R05W, SEC. 17, SWSW: SEC.19 NENW:.

T20N, R05W, SEC. 18, NWSE:SWSE:SESW:.

T20N, R06W, SEC. 26, SENE:SWNE:NENW:SENW:.

Clare County, Advertised Price \$208,958.00, 284.0 Acres

SALE NOTE: Access may be through private or other public land.

BID INSTRUCTIONS (VER. 10/01/2014):

1. Scheduled Bid Location, Date, and Time (2/11)

Bids must be received by the Unit Manager, GLADWIN OFFICE, 801 N SILVERLEAF, GLADWIN, MI 48624, no later than 11:00 a.m. (local time) on September 9, 2015. For further information concerning this sale, contact Jason Hartman at 989-426-9205 extension 7640.

2. Bidder's Qualifications (2/12)

Purchaser shall obtain workers compensation insurance to cover claims under Michigan's Worker's Disability Compensation Act of 1969 or similar employee benefit act of any other state applicable to an employee. If all or part of a timber sale was prepared by a private contractor, that contractor and that contractor's company are not permitted to bid on the timber sale contract. Bids will not be accepted from individuals or companies appearing on the DNR/FRD No-Bid List. This list contains the names of purchasers who previously failed to execute a contract within 21-days or who have a history of poor performance.

3. Preparation of Sealed Bids (1/11)

Bids shall be manually signed in ink; bid prices must be entered for each species and product in the Bid Price column for all material subject to bidding; and all fill-in blanks must be completed. If erasures or other changes appear on the forms, each erasure or change must be initialed by the person signing the bid.

4. Submission of Sealed Bids (6/11)

Bid forms may be obtained from the Unit Manager. All bids must be submitted on the bid form and in an envelope clearly identified as described in this section. NOTE: Only one bid form per bid envelope. Sealed bids must be submitted to the Unit office designated in the prospectus and must be submitted at or prior to the time established in the prospectus. The envelope should show on the outside (a) the sale name or number and (b) the date and time of bid opening as shown in the prospectus. Bids received after the time specified in the sale prospectus are late bids and will be rejected.

5. Public Opening of Sealed Bids (6/13)

If conditions permit, the sealed bids will be publicly opened and posted at the time and place set in the prospectus.

If a bidder, present at a bid opening, has submitted bids on more than one sale, that bidder may withdraw their unopened bid envelopes after being declared the successful bidder on one sale.

6. Award of Contract (1/11)

Award of the contract will be made to the Bidder whose bid, conforming to the prospectus, is most advantageous to the State of Michigan on the basis of total value at rates bid for the estimated quantities. The State reserves the right to reject any bid or waive any minor irregularity in bids received. A written award mailed (or otherwise furnished) to the successful Bidder shall be deemed to result in a binding contract without further action by either party.

7. Down Payment (1/11)

The Bidder to whom award is made must make a down payment within 21 days of the sale award. The amount of the down payment will be calculated as shown in the Bond and Payment Schedule of this prospectus. Only cash may be used to meet this requirement.

8. Performance Security (1/11)

As guarantee of faithful performance, a cash bond, certificate of deposit, surety bond or irrevocable letter of credit (LOC) is required within 21 days of the sale award. The amount of the performance security is shown in the Bond and Payment Schedule of this prospectus. If an LOC or surety is used, the coverage must extend for at least 6 months beyond the contract expiration.

9. Timber Sale Contract (9/14)

Additional conditions and requirements common to all timber sales are listed on the timber sale contract (R4031) and are available on line at www.michigan.gov/timber. Contact the Unit Manager for additional information or a sample contract. Within 21 days of the date of the award letter, the bidder must sign the contract and provide the required down payment, performance security, and verification of worker's disability compensation. The down payment and performance security shall be in accordance with the provisions of the timber sale contract, in the sums stated in this prospectus. If these actions are not

taken, then the Bidder, the Bidder's corporation, and the corporation's principals may not be permitted to bid on State timber sales for a period of 1 year. In addition, the Bidder certifies that if awarded this contract, the Bidder will complete the timber sale contract in accordance with its terms and any modifications thereof including requirements to purchase, cut, and remove the included timber by the expiration date.

10. Disclaimer of Estimates and Bidder's Warranty of Inspection (1/11)

Before submitting this bid, the Bidder is advised and cautioned to inspect the sale area, review the requirements of the sale contract, and take other steps as may be reasonably necessary to ascertain the location, estimated volumes, construction estimates, and operating costs of the proposed sale. Failure to do so will not relieve the Bidder from responsibility for completing the contract.

The Bidder warrants that this bid is submitted solely on the basis of the Bidder's examination and inspection of the quality and quantity of the timber offered for sale and the Bidder's opinion of the value thereof and the costs of recovery. No reliance should be placed on the State of Michigan's estimates of timber quality, quantity or costs of recovery. Bidder further acknowledges that the State of Michigan: (i) expressly disclaims any warranty of fitness of timber for any purpose; (ii) offers this timber as is without any warranty of quality (merchantability) or quantity and (iii) expressly disclaims any warranty as to the quantity or quality of timber sold.

11. Certification and Chain-of-Custody (10/14)

Unless otherwise indicated in the contract under section 7 – Other Conditions of the Sale Specific Conditions & Requirements, the area encompassed by this timber sale is certified to the standards of the Forest Stewardship Council (FSC) - Certificate #SCS-FM/COC-00090N and the Sustainable Forestry Initiative (SFI) - Certificate # NSF-SFIS-5Y031-SF5. Forest products from this sale may be delivered to the mill as "FSC 100% and / or SFI certified" as long as the contractor hauling the forest products is chain-of-custody (COC) certified or covered under a COC certificate from the destination mill. The purchaser is responsible for maintaining COC after leaving the sale area.

KEITH CREAGH
Director

TIMBER SALE INFORMATION

CRANBERRY PINE (73-010-15-01)

T20N, R05W, SEC. 17; T20N, R05W, SEC. 18; T20N, R06W, SEC. 26.

Clare County (Advertised Price \$208,958.00)

SALE NOTE: Access may be through private or other public land.

A timber sale contract for this lump sum, sealed bid timber sale will be awarded to the responsible bidder offering the highest sealed bid price. Bids must be at or above the following advertised price for each species:

PRODUCTS & SPECIES	ESTIMATED UNITS*	AD\	/ERTISED PRICE
Sawlogs			
Red Pine	444.90 MBF	\$	152.00 / MBF
Pulpwood			
Jack Pine	2,332.00 Cords	\$	23.15 / Cord
Red Pine	1,649.00 Cords	\$	44.30 / Cord

In addition, the successful bidder agrees to purchase the following species at the indicated advertised price for a total value of \$14,296.70:

PRODUCTS & SPECIES	ESTIMATED UNITS*	<u>AD\</u>	/ERTISED PRICE
Sawlogs			
Jack Pine	34.70 MBF	\$	34.00 / MBF
Mixed Oak	52.30 MBF	\$	117.00 / MBF
White Pine	7.80 MBF	\$	36.00 / MBF
Pulpwood			
Mixed Oak	492.00 Cords	\$	7.25 / Cord
White Pine	210.00 Cords	\$	15.00 / Cord

^{*} The total volume is statistically estimated within plus (+) or minus (-) 6.17 percent. The estimated units are final and not subject to adjustment. Prospective bidders are urged to examine this timber and to make their own estimates of quantity and quality.

BOND AND PAYMENT SCHEDULE:

- 1. A bond in the amount of \$10,500.00 to insure faithful performance of the conditions of the contract will be deposited by the successful bidder within 21 days of the sale award.
- 2. Cutting in any sale or unit without the required advance payment would be considered a trespass.
- 3. Total payment must be paid in advance or according to the following schedule:
 - (a) Ten percent (10%) of the sale value must be paid within 21 days of the sale award.
 - (b) The 10% down payment will be credited towards the first unit cut.
 - (c) Payment for each of the following units must be made before cutting begins in that unit:

PAYMENT UNIT NUMBER	PERCENT OF TOTAL SALE VALUE
01	36%
02	7%
03	6%
04	12%
05	39%

- 4. If no cutting takes place, the 10% down payment will not be refunded.
- 5. Operations on the contract issued will terminate on 09/30/2017.

Sale Specific Conditions & Requirements

Sale Name: Cranberry Pine Sale Number: 73-010-15-01

1 - Sale Area

1.2 - Boundaries

1.2.1 - Painted boundaries (1/14)

The sale boundary and Payment Unit boundaries are marked and identified by blue and red paint. Exterior sale boundary lines against private property are marked with blue paint. Exterior sale boundary lines against state are marked with red paint. Interior Payment Unit boundaries are marked with red paint.

2 - Timber Specifications

2.1 - Included Timber

2.1.1 - Clearcut unit(s) with unmerchantable trees (6/14)

Within Payment Unit(s) 1 & 5, cut all trees that are two (2) inches or more at DBH regardless of merchantability.

Exception: Within units 1 & 5, do not cut or damage any green painted trees.

Exception: Within unit 1, do not cut or damage any white pine or red pine trees 4" inches DBH and less.

2.1.4 - Species designation unit(s) (12/08)

Within Payment Unit(s) 2, 3 & 4, all red pine, jack pine and oak trees are designated for cutting that are two (2) inches or more at DBH regardless of merchantability.

Exception: Within units 2, 3 & 4, do not cut or damage any green painted trees.

2.1.15 - Hazard trees near roads (7/13)

Cut and remove all standing dead trees within 100 feet of the cleared portion of designated county roads, pipelines, gas wells and oil wells. These trees may be utilized.

2.2 - Utilization

2.2.3 - Stump heights (4/07)

Stump heights within the Sale Area shall be cut as low to the ground as possible. Unless approved by the Unit Manager or his/her representative stump heights shall not exceed ground level.

2.2.6 - Roundwood operation required (5/07)

The skidding of whole trees or tree segments with limbs attached is prohibited within sale area. All products must be produced as roundwood and forwarded to existing roads or landing areas in final product length.

2.2.11 - Chipping restriction (9/14)

If chipping occurs on this sale, then one pile of tops must be left per five acres in locations as directed by the sale administrator. This specification contributes towards the requirements for biomass retention.

3 - Payments

3.4 - Damaged Timber

3.4.1 - Damaged timber (6/14)

General Condition and Requirement 3.4 Damaged Timber, defines liquidated damages for undesignated live merchantable trees which are cut or injured. In addition, extreme care should be taken to avoid damage to tree seedlings and saplings.

Within the sale area, if more than 25% of the tree seedlings or saplings (1/4" to 4.5" DBH) within a specified portion of the sale area are damaged, liquidated damages will be assessed at \$300 per acre for all acreage within that specified portion of the sale area that was damaged.

No damage is acceptable to merchantable undesignated trees. Within the sale area, if more than 5% of undesignated trees (> 4.5" DBH) within a specified area of the sale are damaged, liquidated damages will be assessed for all trees damaged. Rates will be in accordance with General Condition and Requirement 3.4 Damaged Timber.

4 - Transportation

4.1 - Construction

4.1.3 - Slash and earthen piles (8/04)

Piles or windrows of earth along roads and landings that have been widened or constructed shall be leveled. Slash from road maintenance or construction, including stumps, shall be dispersed throughout the sale.

4.1.6 - Road construction (1/09)

Construction of new roads or improvements of existing roads shall be done in such a way as to minimize the environmental and visual impacts. Merchantable trees shall be cut and utilized unless otherwise directed. Non-merchantable trees shall be severed and laid flat on the ground. Slash shall be scattered, and not left in windrows and kept a minimum of 10 feet back from the road edge. Stumps shall be set upright, not left on edge, and be moved at least 10 feet away from the road edge. Disturbed soil shall be feathered into the woods and not left in berms or windrows.

4.1.7 - Road closure (10/11)

All new roads built into the sale must be blocked to vehicle traffic upon completion of the sale. Overgrown roads that are reopened shall be considered new roads. In general, this will require the placement of stumps and slash into the road, throughout the length of routes to be closed. Contact the sale administrator for specific details of design and placement.

4.2 - Maintenance

4.2.3 - Road maintenance (8/13)

The following road maintenance is required: Within 60 days of completion of hauling, or if no hauling occurs for 60 days, the road must be maintained and graded. This includes cleaning of drainage areas, grading, crowning and filling with gravel, if necessary. Damages will be assessed if grading/repair does not occur.

5 - Operations

5.1 - Notification

5.1.1 - Pre-sale conference (10/11)

A pre-sale conference between the Purchaser and sale administrator is required prior to beginning harvesting and or road work. This conference can occur on site or over the phone.

5.1.3 - Well heads and natural gas pipelines (7/07)

The Purchaser is responsible for contacting the gas, oil and pipeline companies prior to operating equipment in the vicinity of well heads or natural gas pipelines. Merit Energy 877-258-3219; 231-229-4235. Trans Canada 800-447-8066; 248-205-7515. Whiting Petroleum 517-563-8381; 989-345-7903. Consumers Energy 231-743-2342; 231-342-9657.

5.2 - Conduct of Operations

5.2.1 - Slash

5.2.1.1 - Slash within sale area (2/04)

No trees are to be felled outside the sale area and all slash is to be kept at least 20 feet back from the blue paint line.

5.2.1.2 - Slash Removal

5.2.1.2.1 - Slash removal, right-of-way (12/04)

All slash must be removed at least 20 feet from the cleared right-of-way of forest roads, county roads, pipelines and well sites.

5.2.2 - Hazard Trees/Snags

5.2.2.1 - Den trees (2/04)

Obvious hollow and/or den trees shall be protected and left standing unless they are a safety hazard.

5.2.3 - Operating Restrictions

5.2.3.6 - Bark beetle restriction (12/08)

In the event drought creates a high risk of pine bark beetle infestation, pine is not to be cut during the period March 1 through July 1, unless all portions of trees greater than two inches in diameter are removed from the sale area, reduced to chips, or treated to the satisfaction of the Unit Manager or his/her representative, within fifteen days of being severed from the stump. Pine log decks, pulpwood piles and treetops that are piled for chipping in the fall or winter within a 1/4 mile of susceptible sites must be removed before March 15. Residual slash must not be placed in piles or rows and must be spread over the site for quick drying. The Department of Natural Resources will exercise this specification if the risk of damage warrants.

5.2.4 - Dead and Down Creation

5.2.4.3 - Dead and down creation, dead trees (6/07)

Except as provided for in General Condition and Requirement 5.2.2, no dead trees, standing or down, are to be cut, skidded, or processed.

5.4 - Soil Protection

5.4.1 - Rutting restriction, general (1/09)

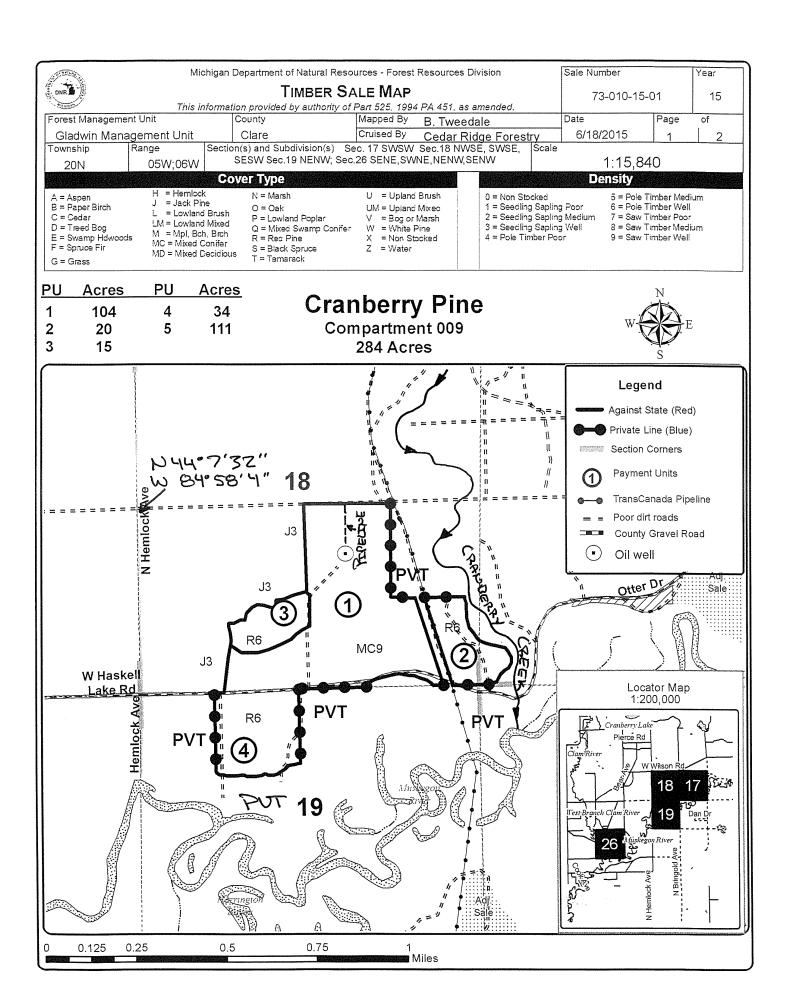
Operations are to cease immediately if equipment and weather conditions result in rutting of roads and skid trails which is 12 inches or greater in depth and 50 feet in length. The Unit Manager or his/her representative may restrict hauling and/or skidding if ruts exceed the specified depth. With the Unit Manager or his/her representative's approval, the Purchaser may return to the area when the risk of rutting has decreased.

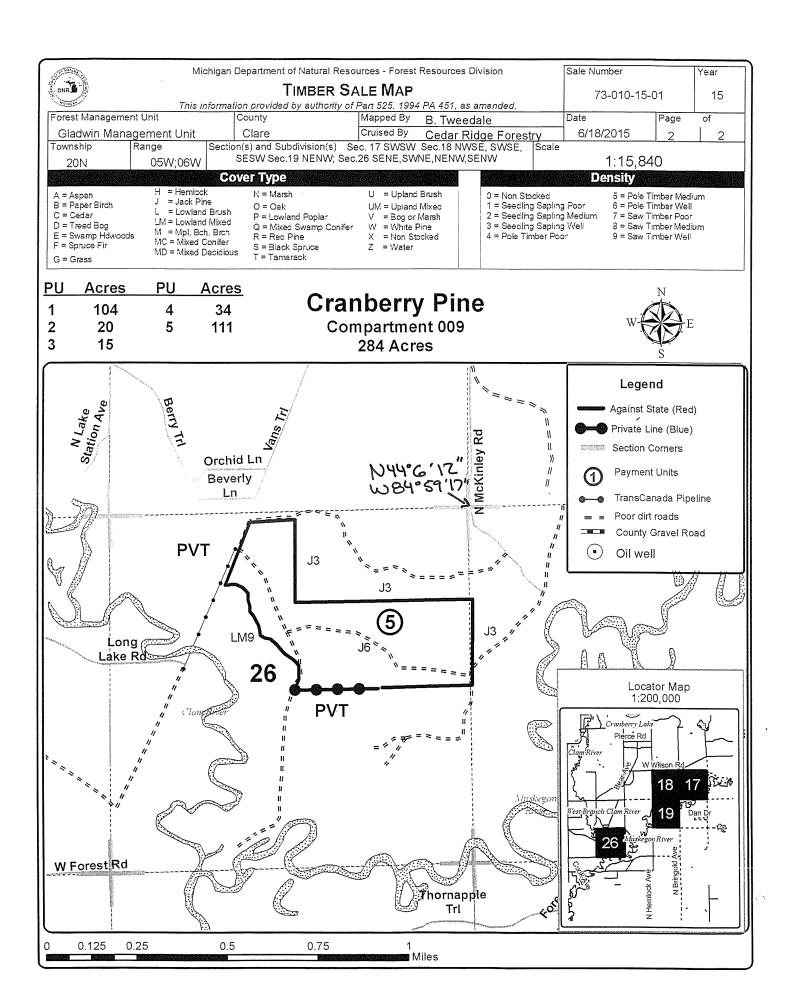
5.8 - Protection of Endangered Species

5.8.1 - Kirtland's warbler (1) (10/12)

This sale is adjacent to a young jack pine stand which may be used by the endangered Kirtland's Warbler. The Department reserves the right to temporarily restrict all harvesting operations in a buffer zone of up to 500 feet if it is determined that Warbler territory has been established in the adjacent stand. The restricted period, if put into effect, would apply from May 1st to August 15th.

Section Name: Sale Specific Current as of 7/28/2015 8:15:27AM





BID FORM

CRANBERRY PINE (73-010-15-01)

T20N, R05W, SEC. 17; T20N, R05W, SEC. 18; T20N, R06W, SEC. 26, Clare County

In response to the notice of sale to be held 11:00 a.m. (local time) on September 9, 2015, I am hereby submitting my sealed bid (firm offer) for the following forest products to be cut. Bids for individual species must be at or above the advertised price. All non-responsive bid forms may be rejected.

PRODUCTS & SPECIES	ESTIMATED UNITS*	ADVERTISED PRICE	BID PRICE
Sawlogs Red Pine	444.90 MBF	\$ 152.00 / MBF	\$ / MBF
Pulpwood Jack Pine	2,332.00 Cords	\$ 23.15 / Cord	\$ / Cord
Red Pine	1,649.00 Cords	\$ 44.30 / Cord	\$/ Cord

In addition, the successful bidder agrees to purchase the following species at the indicated advertised price for a total value of \$14,296.70:

PRODUCTS & SPECIES	<u>ESTIMATEI</u>	<u>D UNITS*</u>	ADV	<u>ERTISED PRICE</u>	
Sawlogs					
Jack Pine	34.70	MBF	\$	34.00 / MBF	
Mixed Oak	52.30	MBF	\$	117.00 / MBF	
White Pine	7.80	MBF	\$	36.00 / MBF	
Pulpwood					
Mixed Oak	492.00	Cords	\$	7.25 / Cord	
White Pine	210.00	Cords	\$	15.00 / Cord	

^{*} The total volume is statistically estimated within plus (+) or minus (-) 6.17 percent. The estimated units are final and not subject to adjustment. Prospective bidders are urged to examine this timber and to make their own estimates of quantity and quality.

I understand that any or all bids may be rejected. All bids must be signed and all bid items must be bid or the bid form may be rejected. I also understand that consideration and awarding a contract will be based upon my past performance and ability to complete the contract based upon equipment and staffing subject to my control.

	FEDERAL ID:	or SOCIA	AL SECURITY NUMBER:		
	Company or individual bidding			<u></u>	
	Company representative's name:				
	Address:				
	City:	State:	Zip:		
F AVAILABLE, PLEASE PLACE THE PERSONALIZED LABEL FROM YOUR PROSPECTUS IN THE ABOVE BOX.					
ndividual	ndividual or company representative's signature: Date:				
Phone nu	mber :		Email (optional):		



Michigan Department of Natural Resources & Environment Forest Management Division

TIMBER SALE VERIFICATION OF WORKER'S DISABILITY COMPENSATION ACT COMPLIANCE

As required by Act 317, P.A. 1969 (Worker's Compensation) and Part 525 of Act 451 of 1994, as amended.

FOR DEPARTMENT USE ONLY		
Sale Number (XX – XXX – XX – XX)		
Forest Management Unit:		

VERIFICATION OF WORKER'S DISABILITY COMPENSATION ACT COMPLIANCE

- This verification must be completed and submitted within 21 days of contract award and prior to the issuance of the timber
- In addition, if boxes 2B or 2C are checked, then Notice of Exclusion or Certificate of Insurance must be submitted within 21

	days of the contract award and prior to the issuance of the timber sale contract.				
•	All Information must be typed or printed except for written signatures.				
Please Check Appropriate Categories:					
1.	 My business is organized as (you must check one of the boxes be A. Sole Proprietorship (individual) Partnership C. Corporation 	elow):			
 You must check one of the boxes below: A. I certify that my business is a sole proprietorship and it has no employees but the sole proprietor. I am not subject to the Worker's Compensation Laws. B. I certify that my business has satisfied its obligation to the Worker's Compensation Act through the use of an approved Notice of Exclusion (BWC-337, Rev. 5/96). I will provide a copy of the Notice of Exclusion within 21 days of the contract award. (For questions or a copy of the BWC-337, please call the Worker's Compensation Bureau at 517-322-1195). C. I certify that my business has a Worker's Compensation Policy. I will provide an original Certificate of Insurance within 21 days of the contract award. 					
3.	 If you have checked item 2(A) or 2(B), you must indicate the num than yourself, including family members and active partners (if norFull-time Employees 				
Nam	Name of Business Federal II	O (or) Social Security No.			
Addr	Address Telephon (e)			
City	City State ZIP				
000	hereby certify that the above information is true and correct. I agree to notify the Michigan DNRE of any changes that occur in factors affecting my coverage during any of my present and future operations. Signature of Owner or Authorized Representative				
T	Title	Date			