STATE FOREST TIMBER SALES

PROCEDURES - FIELD WORK

Tract management guides will specify the ability of a tract to sustain a harvest. The guides will identify the planned harvest year. The tract inventory must show the tract can sustain a harvest at the time of the inventory. Growth projections should not be used to determine if a tract could sustain a harvest at a future date, if it does not at the time of inventory. The inventory for the tract should be no more than ten years old; otherwise a new inventory is needed. Salvage harvests are an exception to this. No recent tract inventories are needed, and a brief management guide amendment describing the need for the salvage harvest is all that are needed.

If a decision is made to harvest a tract, the first step is to locate the boundaries of the tract. State forest property line locations need to be clearly delineated. Neighbors will be notified. Archaeological clearance must be obtained. All sensitive areas - plants, animals, springs, streams, cultural sites - must be planned for. These will have been identified in the management guide. A harvest plan will be devised that will identify yard locations, haul route, and primary skid route. All roadwork should be done prior to the sale date. Ideally, all property lines, roadwork, neighbor contacts, sensitive areas, and archaeological clearance should be identified and completed six months before the sale date.

All possible property line evidence in a sale area, even if it is not on a property line, should be located, documented, and marked. The operations will avoid obliterating property line evidence, even if interior to the line. Evidence such as fences, markers, monuments, stones, roads, and timber changes can provide valuable evidence in future surveys. Probable locations of evidence include all sixteenth corners (corner of any "forty"), corners of further subdivisions, and the lines between the corners. All survey markers such as monuments, stones, rebar and pipe will be identified with yellow carsonite survey marker posts, documented and mapped. Operations will avoid survey markers. Fences, roads, tree lines and other similar evidence will be documented, mapped, and placed in the appropriate property files.

Costs associated with timber sale preparation should be documented and kept on file for use on the SF 200. This includes all costs directly related to the sale even if not involving timber marking, such as roadwork and boundary locations. Tract inventories and tract management guide development costs should not be included.

Occasionally, in the process of marking a sale in one tract it becomes necessary to mark a few trees in neighboring tracts for logistical reasons. These include taking out trees along haul roads for improved access, or creating a log landing in a tract that is not the actual sale tract. It may involve the removal of a tree in a neighboring tract just over the tract boundary to create a gap into which a harvest tree in the sale tract will fall. This may even include removing a few dying trees that are immediately adjacent or easily accessible to the sale tract. It is not necessary to have updated tract inventories and management guides to remove these few trees. In these cases the trees should be tallied separately from the sale tract, and their removal noted in the appropriate tract file. This tally amount can be merged with the tract sale tally to create the full

sale tally.

Tree Marking

Trees for timber harvests will be marked with tree marking paint. The paint colors to use for harvest marking are blue, light purple, or yellow. Red or orange tree marking paint can also be used when there is no orange paint used in the vicinity for boundary marking. Trees are marked near eye level for logger visibility, and at ground level (stump mark) for auditing purposes. Trees can be marked in the following ways.

A tree that is sound and has no volume deduction (sawtimber and pole trees – board foot and cord volumes) - Marked with a band of paint around the tree stem and a dot at ground level on the downhill side.

A tree that is generally sound but has a volume deduction (sawtimber and pole trees – board foot and cord volumes) - Marked with a band of paint around the tree stem and a dot on the downhill side at ground level.

A tree that is considered cull (not sound) and is not calculated to contain any volume - Marked with a band of paint around the tree stem and a small “X” at ground level on the downhill side.

If there is a tree that is considered to contain prime volume, mark it the same as a sound tree with no volume deduction. In addition, number the tree (use consecutive numbers) near eye level. Numbers can be in another color of paint if desired.

Even under ideal conditions, tree-marking paint quickly loses its visibility. Care should be taken to ensure that the paint is put on a sound bark surface. Scraping of the tree (do not cut through the bark) may be necessary to remove loose bark, snow, moss, or ice. The stump marks should be as low as possible on the stem so they remain on site after stem removal.

Trees with multiple stems should be treated as multiple trees if separate stem diameter measurements can be taken and tallied. The number of stump marks should match the number of stems tallied. If the multiple stems are so high or are growing in such a way that individual stems cannot be measured, treat it as one stem.

All tree marking should take into consideration how the tree will fall, and how the log will be removed. Trees with heavy leans or tops heavy to one side are unlikely to be felled in directions other than where gravity wants it to go. If a hole does not already exist for the tree to fall into, a tree with a crown that is of any size is likely to damage trees it is falling into. The marking forester then has the decision to make as to whether mark an additional tree(s) to create a hole, allow residual trees to be damaged by the felling, or pass the tree up and leave it for a future harvest.

Likewise, the marking forester must be sure that felled trees can be removed by typical

harvesting equipment. Where the likely route to skid is through tightly packed quality stems, it is prudent to mark a skid route and marking a few trees that can be removed to open up the skid route, or that would serve as bumper trees and be removed in the harvest. Slope, drainages, and rock outcrops should be taken into consideration in determining accessibility for harvest. Slopes greater than 30 degrees are very problematic for typical skidding equipment. Generally slopes greater than 30 degrees should be avoided with harvest operations. There are several cases where this guideline may not hold. Where the slope this steep is very short, it may be relatively easy to maneuver through. In other cases, and operator may have non-typical equipment that can maneuver on these slopes. And where these steeps are longer, it may be possible for skidding equipment to maneuver above or below the steep slope, and cable logs off the steep slope with little effort.

Tree Tally

When trees are marked, the following information is recorded.

species
DBH
Product
number of 12-foot logs to the nearest 1/2 log
percentage defect (if any)

Trees that are sound but have a volume deduction may have volume deducted two ways. One way is a percentage deduction. The marking forester estimates the percentage of the log volume to be deducted and identifies on the tally. A 30 in the defect column indicates a tree that is 70% sound, and has a 30% volume deduction. The volume for this tree is adjusted for this 30% deduction. In deducting volume using a percentage, remember that the lowest log on the tree has the highest percentage of volume compared to the remaining logs. The other way to account for volume deduction is to reduce the merchantable log height by the log length needed to eliminate the unsound stem portion. If a $3^1/_2$ log tree has about 1 log length of the stem that is unsound, the log length for that tree would be tallied as $2^1/_2$ logs.

Trees that are considered cull (not sound) need to have the species, product, logs (nearest half log using 16-foot logs) recorded. No volume deduction is recorded for culls as they are considered to have no substantial merchantable volume. Pole trees that are considered sound but need to be removed as part of the harvest operation should be marked as trees with volume and will be tallied as poles with the product code P species, DBH and merchantable height (nearest half log using 16-foot logs to 4-inch dib). The volume will be given in cords.

Sawtimber volume is calculated using board foot volume from a Doyle volume table. Trees that are considered to contain merchantable sawtimber board foot volume must have a DBH of or larger than the 12-inch diameter class.

Timber sales that involve multiple tracts will have each tract tallied separately. The tallies will be combined for the total. Each tract file shall contain information not only for the entire sale, but the tally from that tract. This way, the removals within the tract can be compared

to the tract inventory. The capabilities of Two Dog for merging files makes this an easy task to accomplish. Tally each tract as a separate job file. Then merge them to create a file to calculate the entire sale numbers.

Prime and Quality

Black walnut, white oak, chinkapin oak, swamp chestnut oak, swamp white oak, burr oak, northern red oak, black cherry and sugar maple are the only species to identify prime volume for. To be considered prime, a black walnut must have a minimum 8 feet of log length clear on all four faces and a minimum DBH of 17 inches. All other species must have a minimum of 8 feet clear length on all four faces and a minimum DBH of 19 inches to be considered prime. Prime volume is not the same as veneer volume and should not be advertised as such. Do not advertise any trees as veneer trees even though Two Dog uses the term veneer (this was done because P was already used as a code for Poles). The prime designation is based on surface appearance of the log. Whether a log is veneer depends on surface and internal appearance.

Trees that are considered to have prime volume will be tallied in Two Dog as a Veneer (prime) tree – V for product code. Two Dog will calculate the entire tree as prime and add it to the harvest tally. Using the log scale on the Biltmore stick, the actual amount of volume in the stem will be estimated and tallied in writing. The Two Dog calculated prime amount will be rolled into the total sawtimber volume, and the prime volume determined from using the log scale on the Biltmore stick will be the advertised prime volume. This prime amount will be listed as a footnote on notices. If a property has large amount of prime volume to consider a freestanding harvest of prime trees, the C.O. Property Specialist will be contacted to consider alternative estimation and tally methods.

GPS should be used to identify the locations of prime trees. These locations can be used to create maps to be distributed to the potential buyers.

Quality sawtimber trees are those trees that just miss out making the prime designation for the species listed for prime above, or the same quality and higher in other species where prime is not an option. For example where a prime white oak has four clean faces, a quality white oak may have three clean faces and one face that has some defect. A red maple may be clean on all four faces, but because it does not have a prime option it would go down as quality sawtimber. The amount of quality in a sale can be used in advertising the sale to potential buyers.

Marking Groups – Special Circumstances

It may be possible to depart from the above-described method in some marking circumstances. In cases where all trees within an area are to be removed, they do not have to be individually marked and tallied. Instead these areas can be marked by identifying the removal of all trees within a set boundary. The two circumstances this is likely to occur in are heavy storm damage with significant downed material, and conifer patches that have large numbers of relatively homogeneous stems. This should not be used for standard group selection openings.

In both cases, the boundary will be marked with three paint slashes on the first trees outside the removal area, with the slashes on the side toward the removal area. Two slashes will be vertical and on roughly on opposite sides of the tree facing the next marked trees. These two vertical slashes will be connected with a horizontal slash facing the harvest area. The three paint slashes will be at eye level. The marked boundary trees will also receive a spot of paint on the stump below the slashes. The boundary trees are not part of the trees to be removed. The boundary trees must be within easy eyesight of each other. The boundary trees must be selected so that all trees to be removed fall within an area determined by straight lines drawn between the marked boundary trees. If in the vicinity there are also to be trees marked individually for removal, the paint used for the boundary tree marking must be a different color than that used for individual tree marking.

To tally standing, homogeneous conifer stands, prism point plots may be used. There should be a minimum of three plots in any removal area. Removal areas larger than 3 acres but less than 20 acres in size will be sampled at the rate of one plot per acre. Removal areas larger than 20 acres may be sampled at the rate of one plot per two acres. These plots should be in a systematic grid with random start.

The downed material in storm-damaged areas often makes individual tree marking dangerous and prism point plots unusable. In this case fixed radius plots may be used instead. One-tenth acre circular plots with a radius of 37.2 feet are run through the area. These plots should be in a systematic grid with random start. However, because of the difficulty and dangerous conditions that can occur in storm damage, it may not be feasible to traverse an area with a grid sample. In this case, parallel grid lines can be run along the outside edge of the damage area where travel is feasible. Then plots are projected into the damage perpendicular to these parallel lines. These should be into the damage a sufficient distance to get an adequate sample of the damage area, and should cover all the types and forest conditions in the salvage area.

Calculating

When marking is completed, the total number of trees with volume, volume, and cull trees by species is compiled. When trees are marked and tallied, volumes of trees with merchantable volume will be determined using the Two Dog inventory program. Sales where tree numbers are estimated by sample plots will use the appropriate Two Dog method to determine estimated volume and estimated numbers of trees.

Individual sales that cover more than one tract will have each tract tallied separately. The separate tract tallies will be placed in the appropriate tract files for future reference. The separate tract tallies will be combined for a total sale tally.

Trees less than the 12-inch DBH class down to the 6-inch DBH class are poles. The volume measure will be cords.

Culls are considered to have no commercial volume and are offered as a way to

accomplish non-commercial thinning or timber stand improvement through the harvest operation. They also are marked to provide dropping lanes for other marked trees or to complete openings.

The number of trees and culls marked in the sale **must** match the number tallied and advertised. We sell by the number of trees, not volume. Volumes are only estimates. When numbers of trees are determined through sampling, it must be emphasized in the paperwork and on notices that the number is an estimate based on sampling.

PROCEDURES - ADMINISTRATION

The following forms are used to initiate a timber sale.

– LTB Notice
SF 200 - Cost of Operation
SF 201 - Map of Timber Sale Area
Timber Sale Down Payment Acknowledgement
SF 202 - Bill of Sale
SF 203 - Notice
SF 2M - Timber Sale Agreement
- Timber sale area narrative – if created

Prior to the sale date, the following paperwork must be done.

LTB Sale Notice Format - One electronic copy to C.O. Property Specialist for review and insertion into LTB Bulletin. The LTB deadline is the 20th of the month, so the notice must be sent to Property Specialist well ahead of the deadline for review. After review the Property Specialist will forward it to the licensing clerk.

SF 203 Notice - One copy sent to C.O. property specialist. Copies are sent to the property's buyers list. One copy is attached to and becomes part of the Timber Sale Agreement. Buyers should also be sent a map, either an SF 201 or other readable map showing sale area in appropriate context.

Notice (abbreviated) - One copy of an abbreviated notice to two area newspapers as legal notices far enough in advance so that they are published at least two weeks prior to the sale date. The information on this notice will be the same as the standard notice except: 1) only total numbers for all trees, culls and volume will be given, with no species break down; and 2) lengthy special conditions will not be included, but will only be referenced by a statement similar to "contact office for special sale conditions". Publisher's claims are paid by properties through petty cash. Keep copies of claims with

property file.

Timber sale area narrative - Description of sale (if completed by property). One copy is sent to C.O. Property Specialist with SF 203. Copies are sent to the property's buyers list with the SF 203.

SF 201 Map of Timber Sale Area - One copy is sent to C.O. property specialist with SF 203. Copies are sent to the property's buyers list with the SF 203. One copy is attached to and becomes part of the Timber Sale Agreement. Can be sent to buyers with SF 203 showing the sale area.

Legal Notice Publisher's Claim Original with petty cash reimbursement form. One copy will be retained in the property sale file. Another copy will be sent to the Property Specialist with the timber sale contract.

On the sale date, the following paperwork must be done.

Timber Sale Agreement - Must be filled in should buyer be ready to pay for sale that day. All signatures must be original on the three copies of the agreement. These are signed only when the sale is paid for in full.

Timber Sale Down Payment Acknowledgement - Filled in should buyer be ready to make down payment for sale that day

SF 202 Bill of Sale - Filled in should buyer be ready to pay for sale in full that day.

Return of Deposit Acknowledgement - Filled out for unsuccessful bidders. When the performance deposit check is returned to them, they must sign this form. The original is kept in the property files. The bidder may receive a copy if desired.

Receipt Form 352 - Filled out for the successful bidder as receipt of timber sale performance deposit. One copy remains in property files, one copy is given to bidder, and one copy is sent to C.O. Assistant State Forester - Support Services with the performance deposit check via certified mail. This must be mailed the day it is received. Keep photocopies of check and receipt in timber sale file.

At the time of sale payment, the following paperwork must be done.

Timber Sale Agreement - Successful bidder information is completed. All three forms must be signed in ink. Purchaser's signature must be notarized.

SF 202 Bill of Sale - Completed with copy going to buyer, copy in property files, and original to C.O. Property Specialist. Only completed upon payment of the full sale purchase amount, or after final payment when a down payment was received first. If down payment is made, this is not sent with timber sale packet. It is sent individually to C.O. later when remaining balance is paid.

Timber Sale Down Payment Acknowledgement - Only completed if Purchaser makes a down payment. Original to C.O. with sale packet, a copy to buyer and a copy in property files.

NR 7 Receipt - Completed with copy going to buyer and copy in property files. Used at payment of both down payment and remaining balance payment, or for full purchase payment.

SF 200 Cost of Operation - Completed with copy to property files, and copy to C.O. Property Specialist

Receipt Form 352 - Photocopy for performance deposit sent to C.O. Property Specialist with sale packet.

Legal Notice Publishers Claims - Photocopy sent in sale packet to C.O. Property Specialist.

Timber Sale Administration

Upon completion of marking and layout, the sale is ready to sell. The sale date and time should avoid periods that may cause conflict for buyers. Sale dates should be chosen to match the primary times of the year that harvest activities occur. In general, the three middle days of the work week are best with sale times in the morning to early afternoon. Adjacent properties that have common buyers should coordinate so they do not have conflicting sale dates and times.

Prior to being offered for sale, all proposed sales will be reviewed by the C.O. Property Specialist. Properties will advise the Property Specialist at least three months prior to the proposed sale dates. Properties will provide the Property Specialist with a copy of the management guide, DHPA clearance, Natural Heritage Database review, sale layout, and sale notice (include any special conditions). The Property Specialist will schedule a day with the property to visit the sale site.

Properties may sell more than one sale in a day. Such clustering of sales often brings

additional interest to an offering. It is suggested to offer the best quality sales first, and the lowest quality last. With multiple sales, the sale times should be staggered at least 10 minutes apart, but no more than 20 minutes apart. When multiple sales are held in one day, properties need to make the sale sequence clear to buyers. Buyers will be informed that any bids dropped off rather than submitted in person at bid opening time, must be clearly identified on the front of the envelope which sale the bid is for.

The first step to offer a sale is to complete a SF 203 Notice, a LTB Sale Notice, and an abbreviated notice. The abbreviated notice is for submission to local newspapers as legal notices. The only difference between the abbreviated notice and the SF 203 Notice is there is no individual species breakdown in the abbreviated notice, only sale totals are listed. The legal notices should be submitted to two newspapers to run one time only in an edition that will be out at least two weeks prior to the sale date. Only one original publisher's claim is needed. The publisher's claims are paid by property petty cash. The original claim is submitted for petty cash reimbursement. Copies of the claim are maintained in the timber sale files.

The LTB Notice Sheet is used for submission of the sale for publication in the Licensed Timber Buyers Bulletin. A copy must be sent to the C.O. Property Specialist for review with sufficient time to review and forward to the timber licensing clerk. The LTB Notice must be received by the timber licensing clerk via the Property Specialist by the 20th day of any month in order to be in the next month's bulletin. This should be sent electronically.

Sales may be listed more than one month. To do this, properties simply must send the appropriate information to the Property Specialist for each month a sale is to be listed. Listing sales more than one month in advance is particularly important for sales that occur in the first half of a month. Since the bulletin does not come out until the first week in any month, early sales have very little lead time or can even be past when the bulletin comes out.

SF 203 Notices are sent to local buyers at least two weeks prior to the sale date. SF 203 Notices must include any special conditions to be listed on the contract, and any non-contract conditions such as the need for county road permit or bond.

Included with the notices will be (an) area map(s) showing the sale location. A reduced scale topo map or a property map is better for identifying sale location in context. Avoid using only a blow-up of the topo map. While it is useful for showing details of the sale area, the overall sale context and location map is lost. A combination of two maps is often best.

A Timber Sale Area SF 201 must be completed with the sale area delineated and pertinent sale features identified, such as sale boundary, landings and roads. This can be used as the map sent to potential buyers if it contains sufficient information.

Also a timber sale area narrative may be created and included. The narrative is a brief description, only a few paragraphs long, giving a verbal description of the goals for the harvest, access, sale quality, land conditions, and any special conditions. The buyers will be generally be

buyers known to operate in the area, especially those that have bid on past sales. The Licensed Timber Buyers Guide is a good resource for creating, expanding or updating a property buyers list.

All special conditions that will appear on the sale contract should be listed on the SF 203 Notice. In particular this should include any limitations on operations such as limited harvest periods because of recreation seasons.

Another condition that should be clear is the need to obtain access across private property if there is no reasonable access across state forest land. Properties selling sales where the only reasonable access is across private property will contact appropriate neighbors and inform them that buyers may approach regarding access. Properties can provide buyers with the names of neighbors who appear receptive to access. However, any access agreement is strictly between the neighbors and the buyers. Properties will not be involved in this other than recommending that any access agreement be put in writing.

Once notice has been sent out on sales, properties are likely to receive inquiries from potential buyers. Some may simply want verbal directions to the sale areas so they can view it, others may want verbal verification of what the sale looks like, and others may want to set up a viewing of the sale led by property staff. Properties should schedule time to handle these requests. Properties should schedule some time a week or so before the sale date to contact potential buyers and make sure they received the notice, especially if there seems to be little interest in the sale.

Some buyers may drop off or mail bids to the property prior to the bid opening time. All such bids should remain unopened, put in an envelope (marked that it is a bid), sealed, and placed in a secure location (property safe) until the bid opening. In situations with multiple bid openings on the same day, the outside of the envelope should be clearly marked with what sale the bid is for.

Prior to the sale date, the property will determine a minimum bid. This will be calculated by using the Two Dog timber harvest tally. Using the value generated on the Two Dog reports, a ten percent deduction will be taken from that value to reach the standard minimum bid amount. Additional deductions of five or ten percent can be taken to arrive at the final minimum bid value to account for additional difficult circumstances such as poor access or rough terrain. The minimum bid is not public knowledge, and is only known by property staff and Central Office property staff.

When the bid opening is held, the sale is sold to the highest qualified bidder whose bid at least meets the minimum. If two or more bids are below the minimum and the highest bid is reasonably close to the minimum, the sale may be sold to the highest bidder at the discretion of the property manager. The property may contact the Property Specialist for a ruling on this if there is some question. The minimum is still not considered public knowledge. There is no winning bid if the high bid is submitted by two or more buyers (tie). Sales with tie bids must be

rebid.

If all bids are rejected and do not meet the minimum, the minimum bid is still not public knowledge. If the **same** sale is put up for bid at a later date, the minimum bid will be conveyed verbally to all interested buyers who contact the property but will not appear in any advertisement or sale paperwork. If the sale is altered in any way, such as adding/deleting trees or developing access that changes the value, it becomes a different sale. The minimum will be recalculated and is not public knowledge.

Sales that do not receive a successful bid may be rebid at a later date. All costs associated with the unsuccessful bid attempt will be included with the later sale costs.

The timber sale bid opening is a sealed bid process. All bids should be in a sealed envelope with the performance deposit included. Properties will provide envelopes for bidders to enclose and seal their bids and deposits. Within five minutes of the set bid opening time, the property staff will announce that the bid opening is about to take place and that all sealed bids should be submitted. Any bids held in the property safe will be removed for the bid opening. When the bid opening time is reached, an announcement is made to that effect and no further bids will be accepted. The bid opening time should be based on a wall or desktop clock in the office that is readily visible to persons in the office. A wristwatch may be used if so announced. It will be removed from the wrist and placed on a desktop or other open location for persons in the office to view up to the bid opening time. Property personnel will not accept any bids submitted after the announcement that the bid opening time has been reached.

After the announcement that the bid opening time has been reached, the designated property person will begin individually opening and reading the bids received in time. The bids are read out loud giving the name of the bidder and the amount bid. The buyer submitting the highest qualified bid that at least meets the minimum bid or is below but determined to be reasonably close to the minimum is announced as the winner. Any bids received after the announcement that the bid opening time has been reached are not qualified and will be rejected and returned.

Bid openings are open to the public. They will be held in a public accessible location. They must be held at the location identified in the notices, except as otherwise approved by Central Office. If the location is moved, appropriate notice must be given. Generally bid openings are held at property offices. If the office is too small to accommodate the expected number of users, it can be moved, at the property manager's discretion, immediately outside the office. All users within the office must be informed of this move.

A bid is not qualified if a sealed bid does not contain an acceptable performance deposit. All buyers bidding on state forest timber sales must be licensed timber buyers. Bids not on the appropriate SF 203 Notice for the sale should be attached to a SF 203 Notice.

The performance deposit is to ensure adequate performance on the part of the bidder

through the bidding process and length of the contract. The performance deposit can be submitted as a company check, certified check, or money order, and the payment instrument must be completely filled out. Performance deposits in the form of cash are not acceptable. The performance deposit must be in an amount at least equal to 5% (.05) of the bid amount. The deposit may be greater than this amount. If the deposit is less than this amount it is not acceptable and the bid is not qualified. An incomplete performance deposit payment instrument is not acceptable and the bid is not qualified.

After the winning bid is announced, performance deposits are returned to all unsuccessful bidders. When a performance deposit is returned, a Return of Deposit Acknowledgement is completed. This is maintained in property sale files. If an unsuccessful bidder is not present, the performance deposit Return of Deposit Acknowledgement and deposit check are sent via certified mail to the bidder with instructions to complete the Acknowledgement and return it to the property.

The successful bidder receives a DNR 352 Receipt Form for the performance deposit amount. This receipt will list the sale date, property, sale compartment and tract, number of trees and estimated volume, and that it is for a performance deposit. One receipt copy is retained by the property for audit purposes. A photocopy of the receipt and deposit check are placed in the property timber sale files. One receipt copy and the deposit check are sent to the C.O. via certified mail to the Assistant State Forester - Support Services.

Successful buyers have 14 calendar days to make at least a down payment for the sale. A buyer may choose to pay the full amount in one payment, in which case this is due at the same time a down payment is due (this is explained further below). If the down payment is not made in the 14 calendar days from bid opening (day one is the day following the bid opening), the performance deposit amount is considered forfeit. When the 14-day deadline is approaching, and it appears a buyer may forfeit the deposit by not paying, the property will contact the C.O. Property Specialist on how to proceed. The down payment amount is equal to or larger than ten percent (10%) of the bid amount.

Buyers may make the down payment or full payment by mail. In order to meet the deadlines, the payment can arrive a few days after the deadline, but the postmark on the envelope must be the same day or prior to the deadline. Any payment in an envelope postmarked after the deadline has failed to meet the sale terms and is to be returned to the buyer. This should be documented. When a payment is made by mail, the payment envelope will be saved as part of the sale file. Receipts, Down Payment Acknowledgements, Bill of Sales, etc. for a payment by mail can be sent to the buyer via mail.

At the receipt of a down payment for a sale, the property will complete a DNR 7 Receipt form. The amount the receipt shows as received will be the amount of the down payment, not the total bid amount. This form will list the appropriate number of trees and compartment and tract. Any listed volume should state that the volume is estimated. This receipt must indicate that it is for a down payment. The buyer receives the appropriate copy, and appropriate copy is

retained by the property for audit purposes. A Timber Sale Down Payment Acknowledgement form is also completed to show that the buyer has made a down payment. When the form is completed a photocopy is given to the buyer, a photocopy is put in the property sale file, and the original is sent to the C.O. Property Specialist in the timber sale packet that includes the Timber Sale Agreements. The Timber Sale Agreement (three copies) is completed and given to the Purchaser to have signed and notarized.

If a down payment is made, the remaining balance of the bid amount must be received within six months of the bid opening date, or prior to the start of harvest operations, whichever occurs first. Harvest operations will not be allowed to begin unless the full payment is received and timber sale agreements are approved. If the remaining balance of a bid amount is not received by the six-month deadline, the buyer forfeits the performance deposit and the down payment. Prior to the six-month deadline, the property should contact the buyer in writing to advise him the deadline is approaching. A copy of this contact will be placed in the sale file.

A Timber Sale Area SF 201 must be completed with the sale area delineated and pertinent sale features identified, such as sale boundary, landings and roads. It is sent to C.O. in the timber sale packet that includes the Timber Sale Agreements sent up for approval.

If a buyer makes a down payment, the original Timber Sale Down Payment Acknowledgement is sent to C.O. in the timber sale packet.

The Bill of Sale is not completed until full payment for the sale is completed. A signed copy of the Bill of Sale can then be given to the buyer, and the original sent to the C.O. Property Specialist. One copy should be retained in the property sale file. It will include the complete address of the buyer. The listing of what was sold will list the number of trees, compartment, and tract. If volume is listed, it must be identified as estimated. The amount received as down payment and as payment of the remaining balance will be shown separately and as the total bid amount on the Bill of Sale. When a down payment is made, the Bill of Sale will be sent separate from the sale packet at a later date to the C.O. Property Specialist.

At the receipt of the payment of the remaining balance for a sale, the property will complete a DNR 7 Receipt form. This form will list the appropriate number of trees and compartment and tract. The amount received will be the amount paid on this date. Do not include any down payment amounts. This form must indicate that it is for payment of the remaining balance. Any listed volume should state that the volume is estimated. The buyer receives the appropriate copy, and appropriate copy is retained by the property for audit purposes.

If a buyer chooses to, he can forego making a down payment and may instead pay the full bid amount in one payment. In this case, the full payment must be received within fourteen days of the bid opening. The DNR-7 and Bill of Sale are completed as above except there is no down payment amount, and no Down Payment Acknowledgement form is used. The Bill of Sale is sent in with the sale packet. The DNR-7 amount is identified as the full payment amount. If full

payment is not received within the fourteen days, the performance deposit is considered forfeit. The property should contact buyers prior to the fourteen-day deadline and document this contact. The property will also contact the C.O. Property Specialist.

The Timber Sale Agreement is completed when the buyer makes the payment within the fourteen-day time period after the bid opening, whether this is just a down payment or the full bid amount payment. Three sets of the Timber Sale Agreement are needed. One copy of the Sale notice SF203 and one copy of the Timber Sale Area SF 201 are attached to each of the three copies of the Timber Sale Agreement and become part of the Timber Sale Agreement. The property will go over the terms of the agreement with the buyer, especially if it is a new buyer or if there are special conditions. Three copies of the agreement are needed. The agreement will list the number of trees, the amount bid, and the location that includes the property, compartment, tract, section, township, and range. The agreement will specify the ending date of the agreement. Up to two years should be considered a common length for the sale agreement term. However properties may set the length for what they feel is appropriate for the particular sale circumstances as long as it does not exceed three years. An agreement that covers two summer/fall periods provides flexibility to Purchasers of large sales in case of poor weather. Any special conditions should be included. The special conditions listed on this contract should have appeared on the sale Notice SF 203. The Purchaser must sign the agreement, and his signature must be notarized. The Purchaser must include his/her Licensed Buyer Number. All signatures on all three sets of the agreement must be original. The sale is still not sold at this point, and the operation cannot begin. Payment for the timber sale should be deposited in the property bank account similar to other revenue as soon as possible.

With the down payment process, there are three places on the first page of the timber sale agreement for monetary amounts. If there is a down payment made on a sale, the first space on the agreement will list the full bid amount. The second space will show the down payment amount. The third space under Paragraph # 1 will show the remaining balance. The amounts shown in the second space and third space should, when added together, equal the amount in the first space.

If there is not a down payment made, the first space on the agreement will list the full bid amount. The second space will also show the full bid amount. The third space under Paragraph # 1 will show the remaining balance, which in this case would be zero dollars ($0.00). The amounts shown in the second space and third space should, when added together, will still equal the amount in the first space.

Once the above paperwork is completed and the sale is paid for or a down payment has been made, the timber sale packet is ready to be sent to Central Office for State Forester approval and signature. The timber sale packet will include:

- three completed, Purchaser-signed, notarized Timber Sale Agreements (all original signatures)
- one completed Cost of Operations SF 200
- one completed Timber Sale Area SF 201

- one completed Timber Sale Down Payment Acknowledgement (original), or
- one completed Bill of Sale SF 202 (original)
- one clean Notice SF 203
- all bids submitted (originals)
- photocopy of Receipt 352 and check photocopy for performance deposit
- photocopy of Publisher's Claims for legal notices (be sure legal notice can be read)
- copy of timber sale narrative and other information sent to potential buyers.

If a down payment is made, the sale packet should be sent to C.O. for approval prior to receiving full payment. The sale agreement signature process with the buyer may begin once the down payment is made. Even with state forester approval of the sale agreement, harvest operations cannot begin until final, full payment of the bid amount is made.

Properties will retain copies of the above paperwork in a timber sale file for the particular harvest operation. Properties will place the completed Return of Deposit Acknowledgement Forms in the sale file. In addition, properties will include a copy of the Cost of Operation, Bill of Sale, and Timber Sale Area in the appropriate tract file(s).

The above timber sale packet will be sent to the C.O. Property Specialist. Upon approval, the State Forester will sign the agreements. Two agreements will be returned to the property - one for the property timber sale file, and one to be sent to the Purchaser.

When the State Forester signs the agreements and full payment of the bid amount has been made, harvest operations may begin. A pre-harvest conference is required for the Purchaser's employees. This conference will explain the timber sale, explain the contract, identify the on-the-ground conditions in the sale area, and establish clear lines of communication between the logging crew and property staff. It is critical that the supervisor or authority over the logging crew be in attendance.

It is required that at least one person supervising or on the logging crew have completed training equal to or greater than Game of Logging Level 1 Cutter and Introduction to BMPs by the start of harvest operations. A timber buyer may bid on a sale without having the training and then may bring in a crew that meets the training, or take training to meet the requirement prior to the start of harvest operations. Out-of-state operators may substitute similar training from other states at the discretion of the Division of Forestry. Questions about whether out-of-state training programs meet the requirement should be directed to the Timber Licensing Forester by the property forester. If properties have loggers that are unsure of their in-state training, the property can go online to the Indiana Forest Industry Council website (http://www.ificsfi.org) and search the logger database for a training check. In order to verify that the logging crew meets the requirement, a Pre-Harvest Conference Form will be completed before the start of the harvest operations that documents training. This will be kept in the property timber sale file, and a copy will be sent to the Property Specialist.

If the sale area is accessed through a property gate that is to be periodically locked during

the operation, the property will not supply the contractor with a key to a DNR lock. The contractor may supply a hardware store lock that can be double-locked with the DNR lock so that opening either lock will open the gate. Or the property can temporarily double lock the DNR lock with a hardware store lock and give one key to the contractor, and the other key retained by the property.

During the course of active harvest operation, appropriate property staff will make regular visits to the sale area to review the operation. Visits should be made weekly at a minimum average, and more often if property personnel feel it is warranted or there exists the potential for problems with the operation. At each visit, a Timber Sale Visitation and Evaluation Record is completed. One copy is given to the logging supervisor on site, one copy to the Purchaser, and one copy is retained by the property in the timber sale file. If the operation is violating provisions of the timber sale agreement, the logging crew, and especially the logging supervisor, should be informed immediately. Ways to correct the violation and/or come into compliance with the agreement provisions will be discussed. The Timber Sale Visitation and Evaluation Record will document these circumstances - all such situations will be put in writing. The operation should be reviewed again as soon as the reviewer feels the violation is correctable. If the violation is not corrected in the appropriate time, the Property Manager and the Property Specialist will review the violation as soon as possible. If the violation could result in the loss of performance deposit, the Property Manager will advise the Purchaser of this in writing immediately. The Property Manager and Central Office staff will make the decision on loss of performance deposit. The Property Specialist will inform Purchasers of the loss of performance deposit.

Harvest operations that are started but then temporarily closed while the logging crew is elsewhere should have temporary closeout measures installed. These include water diversions on main skidtrails, ruts smoothed, and log yards cleaned up. These temporary closeout measures should be done on all operations where the crew will be gone for more than two weeks. There may be circumstances where logging crews are unable to perform temporary closeout measures, such as bad weather.

When a harvest operation is satisfactorily completed, the property will complete a Timber Sale Agreement Release form and a Forester's Verification of Timber Sale Completion form. This is sent to the Property Specialist to initiate the reimbursement of the performance deposit to the Purchaser.

On occasion a Purchaser may be unable to complete a harvest operation in the specified period because of weather or other extenuating circumstances. The Purchaser may request a extension of the agreement time length in writing from the Property Manager. The Property Manager may grant the Purchaser an agreement extension if he feels the Purchaser made a diligent effort to complete the operation within the specified length. Each grant of agreement extension must be in writing, must justify for the extension, and be for a period no more than three months in length. A copy of the request for an extension and the grant of an extension will be maintained in the property sale files. A copy will be sent to the Property Specialist.

Properties will not grant more than two extensions without Section Staff approval.

Any other correspondence pertaining to a sale will also be sent to the Property Specialist in Central Office.

Catastrophic or Emergency Events

There are occasions when there are catastrophic or emergency events that affect timber management planning, and require a rapid response. Often these include events such as windstorms, ice storms, insect and disease outbreaks, or forest fire. Rapid degradation of timber following these events can occur, so a response outside the normal framework of forest management practices is often needed. Salvage of the damaged material before degradation becomes excessive is a priority.

If these events are large scale covering many acres and involving tens of thousands of board feet of timber that need to be salvaged standard timber sale procedures can be used with the following exceptions. Tract inventories and management guides for the tracts do not have to be completed. Rather a one-page addendum to the existing management guide or a narrative, if there is no guide, can be completed that describes the catastrophic event and the prescription for salvage. This addendum or narrative should declare the event as an " Emergency, Unplanned Event that requires immediate action" (for arson fires, or other human caused events) or as a "Catastrophic Natural Event that requires immediate action" (for natural events). It should be submitted immediately for archaeological clearance with an explanation that it is submitted for priority approval for a salvage situation. A Natural Heritage Database review should be requested, and the results reviewed for impact regarding the salvage. A wildlife review is not needed, but the addendum or narrative should provide a brief discussion on probable wildlife habitat impacts of the event and subsequent salvage. This should include impacts to Indiana bat habitat with regards to the bat strategy. The tree marking and tally can follow the appropriate method described above. Sale paperwork, advertising, review and sale procedures will follow standard sale procedures.

In other cases, these events will be smaller, more localized occurrences involving just a few acres and less than ten thousand board feet of timber. When these occur within an existing timber sale area, a different set of procedures will be followed to sell this timber. If the salvage is in an already existing sale area, the existing clearance and guidelines for cultural resources will be deemed to cover the salvage. If it is not an existing sale area, archaeological clearance will be requested as above. An addendum or narrative will be required as above with the same information and the declaration of an emergency or catastrophic event. C.O. staff will still review it. The trees will be individually marked and tallied. The state forest inventory program will be used to determine a minimum price for the value of the salvage material.

Sale procedures will then vary considerably in that this will not be an open bid process. The salvage sale tally will be taken to the purchaser of the sale in the same tract. The purchaser, if interested in buying the salvage, will be asked to submit a price for the salvage timber. If it

meets or exceeds the minimum price established by the state forest, the purchaser's price is accepted and appropriate sale paperwork (timber sale agreement, Bill of Sale, Timber Sale Area, Cost of Operations) are completed, and submitted to C.O. for approval. The state forest will still collect a 5% performance deposit for these sales. The purchaser will submit this at the time of completing the timber sale agreement. The full payment for the sale must be completed prior to sending the sale paperwork to C.O. for approval. The ten percent down payment option will not apply to these small sales.

If the first price for the salvage timber provided by the purchaser does not meet or exceed the minimum, he will be told that and will be allowed to submit a second price. If the second price for the salvage timber does not meet the minimum, the purchaser will be told the minimum and asked if he would purchase it for the minimum price. If the purchaser agrees, the sale paperwork is completed as in the paragraph above. If the purchaser does not agree, the property will contact other purchasers of existing timber sale areas on the state forest, beginning with the one physically closest to the salvage and moving away, and follow the same sale process outlined in these two paragraphs.

If the salvage timber sale is a small, localized sale as above but is not within an existing sale area, the procedures will be similar to those described in the two paragraphs above, but with some differences. The salvage sale area must be submitted for archaeological clearance. The property will contact purchasers of existing timber sales on the state forest, beginning with the one closest to the salvage and moving away, and follow the sale process outlined in the above two paragraphs.

Sometimes the distinction between a large event and a small event, or which sale procedure to use (traditional advertised bid or purchaser price) may be rather gray. Ten thousand board feet is put out as a very loose threshold. A bigger determining factor as to whether it is worth going through an advertised bidding process may be the possible financial gain. A salvage sale with a few high quality trees may bring greater financial rewards to the Division in an advertised bidding process than a salvage sale of many low quality trees. This may be determined on a case-by-case basis during the C.O. review of the salvage sale.

Section Bullet Summary

- Timber sales will generally involve the individual marking and tallying of trees. On certain occasions where storm damage or dense conifer stands make individual marking impractical, boundaries can be marked for areas in situations where there is complete removal.
- Timber sales are sold by the number of trees. Volumes are only estimates. Listings of numbers of trees must be consistent on all paperwork.
- State forest timber sales are sealed bid sales.
- Timber sales are approved when the State Forester signs the sale agreement.
- Timber sales are sold to the highest qualified bidder. The bid must include a

performance deposit enclosed with the bid.

- Harvest operations can begin only after the sale is paid in full.
- A pre-harvest conference is held prior to the beginning of harvest operations. Property staff will review sale operations on a regular basis.
- Upon satisfactory completion of harvest operations, performance deposit reimbursement will be initiated.
- Alternate procedures are available for the sale of salvage harvests to expedite the process.