

August/September 2009



# Minnesota Woodlands

[www.MinnesotaForestry.org](http://www.MinnesotaForestry.org)

The MFA works on behalf of family forest owners, through education and advocacy, to promote stewardship of woodlands.

## Minnesota Forestry Association (MFA)

Information@  
MinnesotaForestry.org  
218-326-6486  
PO Box 496  
Grand Rapids  
MN 55744

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## MFA Regular Board Meetings

DNR Office  
Cambridge  
10 a.m. to 2 p.m.

- October 28, 2009
- January 27, 2010
- April 28, 2010
- July 28, 2010
- October 27, 2010

## Editor

Editor@Minnesota  
Forestry.org

## Design/layout

Peg Churchwell  
Lady Dog Design  
[peg@ladydogdesign.com](mailto:peg@ladydogdesign.com)

## We Private Woodland Owners Escape Unallotment - Mostly

In a very difficult budget year for the state, we private woodland owners came out pretty well.

The first concern arose early in the session when the Sustainable Forest Incentive Act (SFIA) was tossed into the trash heap along with a much-complained-about Green Acres law. Thanks to several legislators, SFIA was rescued and survived the rest of the session. We are grateful to four legislators who were particularly helpful in saving SFIA: Senator Tom Bakk, Cook, Senator Tom Saxhaug, Grand Rapids, Representative Tom Rukavina, Virginia, and Representative David Dill, Crane Lake.

Our next big concern came after the session ended and Governor Pawlenty was about to balance the state's budget by "unallotting" expenditures and programs which had been approved by the legislature. We had heard rumors that SFIA was under consideration. When the dust settled, a maximum payment permitted under SFIA had been set at \$100,000. This affected the state's four largest private forest owners but left the other 75,000 of us untouched.

All MFA members are grateful to the Government Affairs Committee for their long and patient work to ensure the voice of private woodland owners is heard.

The committee is led by long time chair, Bruce ZumBahlen, Cottage Grove. Members include: Al Schacht, Zumbro Falls; Neal Kingsley, White Bear Lake; Terry Weber, Grand Rapids; Bill Sayward, Cohasset; David Cartwright, Rush City; Jim Lemmerman, Duluth and Curt Kredlau, Alexandria.





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**John W. O'Reilly, President**  
40361 Grace Lake Road  
Hinckley MN 55037  
320-655-3901  
President@MinnesotaForestry.org

**John Saxhaug, Vice President**  
3940 Harriet Avenue  
Minneapolis MN 55409  
612-827-5824  
John\_Saxhaug@yahoo.com

**Chad Dayton, Secretary**  
154 Nina Street  
St. Paul MN 55102  
651-224-1125  
chadddayton@mac.com

**Dennis Thompson, Treasurer**  
130 Southgate Drive  
Aitkin MN 56431  
218-927-6565  
Fax: 218-927-6014  
Treasurer@MinnesotaForestry.org

**Bob Sonnenberg**  
P.O. Box 127  
New York Mills MN 56567  
218-385-2144  
SFarms@LakesPlus.com

**Chuck Erickson**  
34115 County Hwy 74  
Battle Lake MN 56515  
218-495-2659  
CYErik@ptel.com

**Jim Chamberlin**  
7118 Clearwater Road  
Baxter MN 56425  
218-828-6197  
IslandLakeFarm@Brainerd.net

**Bruce Zumbahlen, Past President**  
8203 Innsdale Ave. S.  
Cottage Grove MN 55016  
651-458-0483  
ZoomerBruce@aol.com

**Al Schacht**  
58145 350th Avenue  
Zumbro Falls, MN 55991  
507-753-3214  
Schacht2Schacht@aol.com

**Mike Reichenbach, Ex-Officio Member**  
Univ. of Minnesota Extension  
179 University Rd  
Cloquet, MN 55720  
218-726-6470  
Reich027@umn.edu

Administrative Assistant  
**Carol Cartie**  
P.O. Box 496  
Grand Rapids MN 55744  
218-326-6486  
Information@MinnesotaForestry.org

## MFA Member Profile: Jim Ballenthin – Attorney Turned Woodland Owner

It always pays to keep your eyes open because you never know when you'll see something that can change your life.

One evening in 1997, Jim and Jean Ballenthin were riding with friends on their way to dinner. Jim and Jean had just sold their home in the Twin Cities and moved to their lake place on Ponto Lake near Backus. They knew they were going to enjoy their lake home but didn't have any other big plans for Jim's retirement. That evening, as they rounded a corner less than a mile from their lake home, Jim noticed a For Sale sign on what appeared to be an old farmstead.

Five days later, a purchase agreement had been signed on that farmstead and 160 acres of land and Jim was on his way to becoming a woodland owner. The land turned out to be an ideal combination of a 60-acre red pine plantation, 20 acres of mature white pine including some that are 100 years old, plus areas of wetland, aspen and birch. A short time later, another 90 acres came available, making for a total of 250 acres.

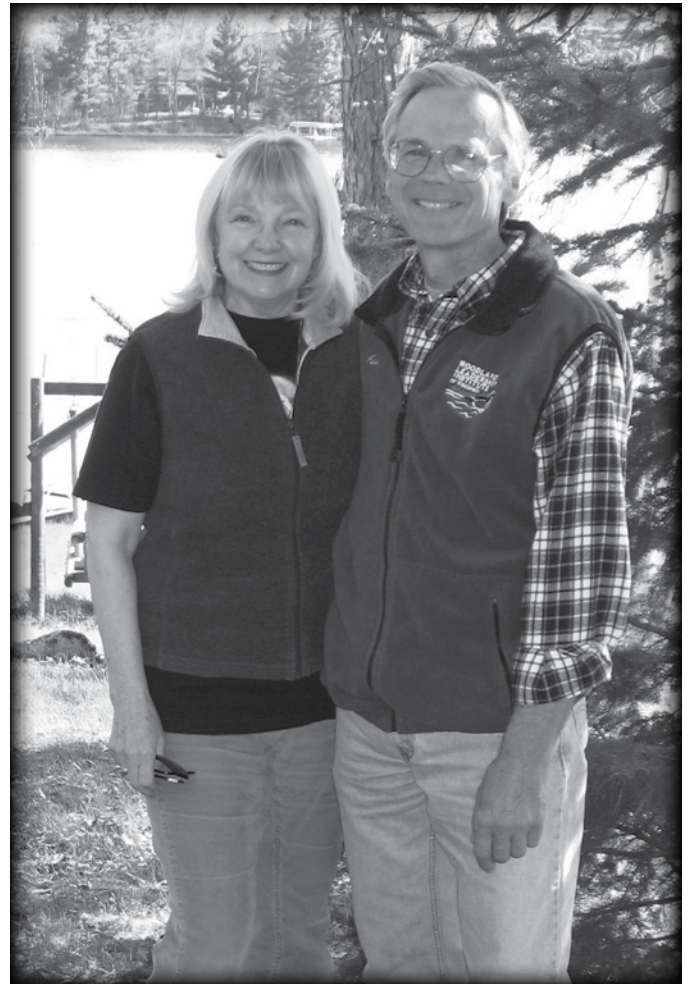
Since that stroke of luck beginning, Jim has become a dedicated and very active woodland owner. He walks the one-mile wooded trail from his lake home to his farm buildings nearly every day to work on projects. He takes great pride in using wood from the land in a dozen different ways.

A metal building he purchased on Ebay houses a Wood Mizer sawmill that Jean bought for him. He also has a four-wheel drive Kubota tractor with forks and bucket and a six-wheel drive pug he uses for transportation around the woodland.

Outside there is a solar kiln that Jim made himself. Next door is a woodworking shop where he has made white pine planks for his lake home, some of which are 18" wide. He's also made kitchen cabinets and aspen wainscoting for a new guest suite.

The previous owner of the Ballenthin's land had a stewardship plan, which Jim has had updated twice. "I really appreciate the expertise of our local foresters. In one case, I had a six-acre aspen blowdown which I had no idea how to handle. Norm Moody of the Cass County Land Department took one look at it and had the answer: Offer it to local loggers for a lump sum of \$3,500." With that, I got the downed trees cleaned up, earned a little income and now have a nice area of regenerating aspen.

Jim spent his career practicing general corporate law in the Twin Cities. Jean is a nurse and still works several four-day shifts a month at United Hospital in the Twin Cities because she enjoys it.

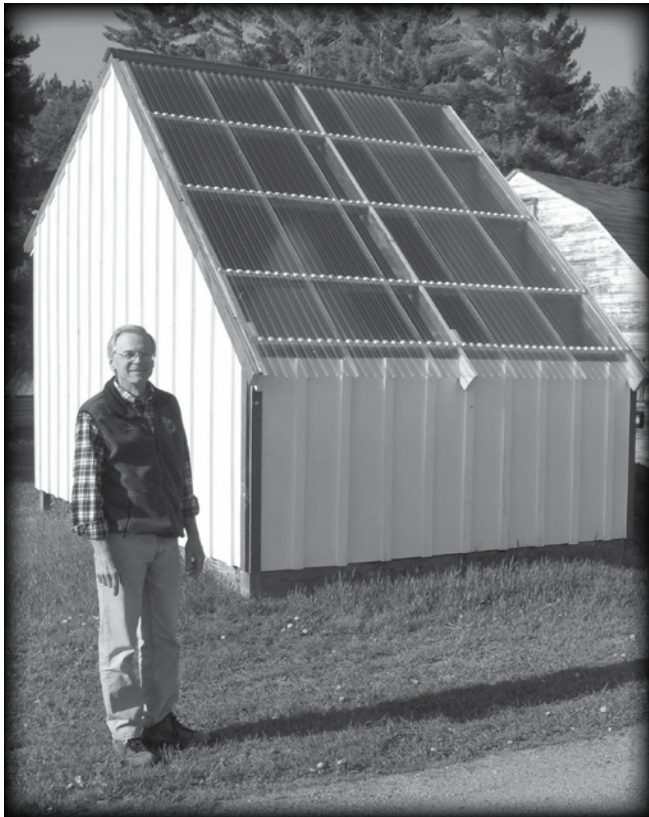
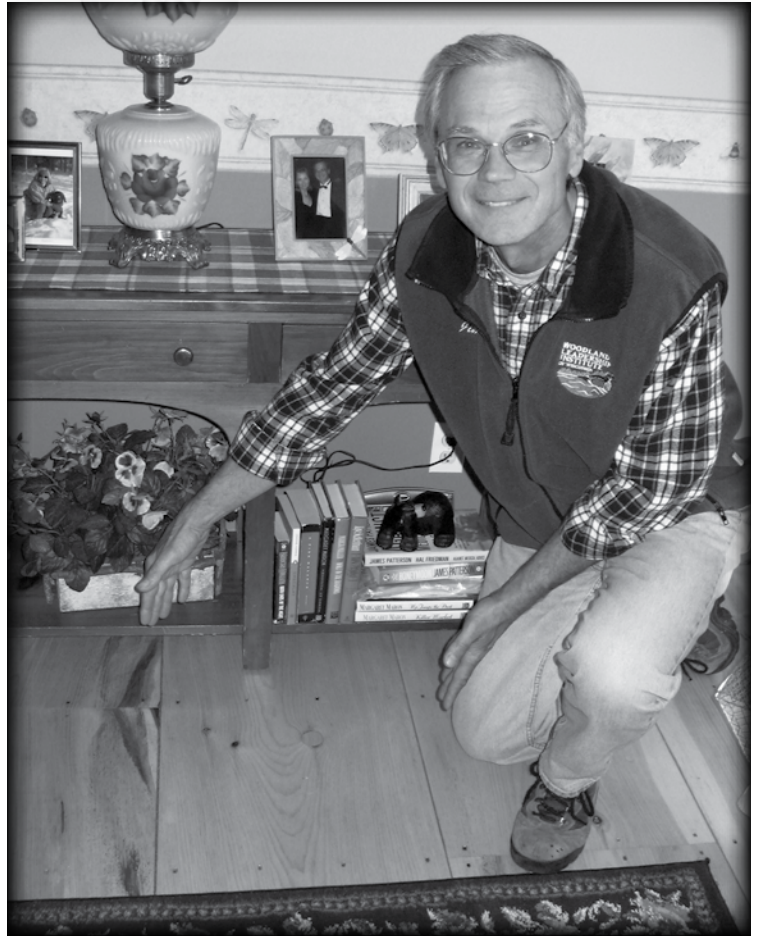


*Jim and Jean Ballenthin at their Lake Ponto home near Backus.*

Jim is a 2007 graduate of the Wisconsin Woodland Leadership Institute. Both before and after that experience, he has been very active in his community. Some of the roles in which he is currently serving are:

- Ponto Lake Town Board chair,
- Cass County Soil & Water Conservation District Board chair,
- Region III SWCD secretary,
- North Central Landscape Committee member,
- Boy Scout merit badge counselor.

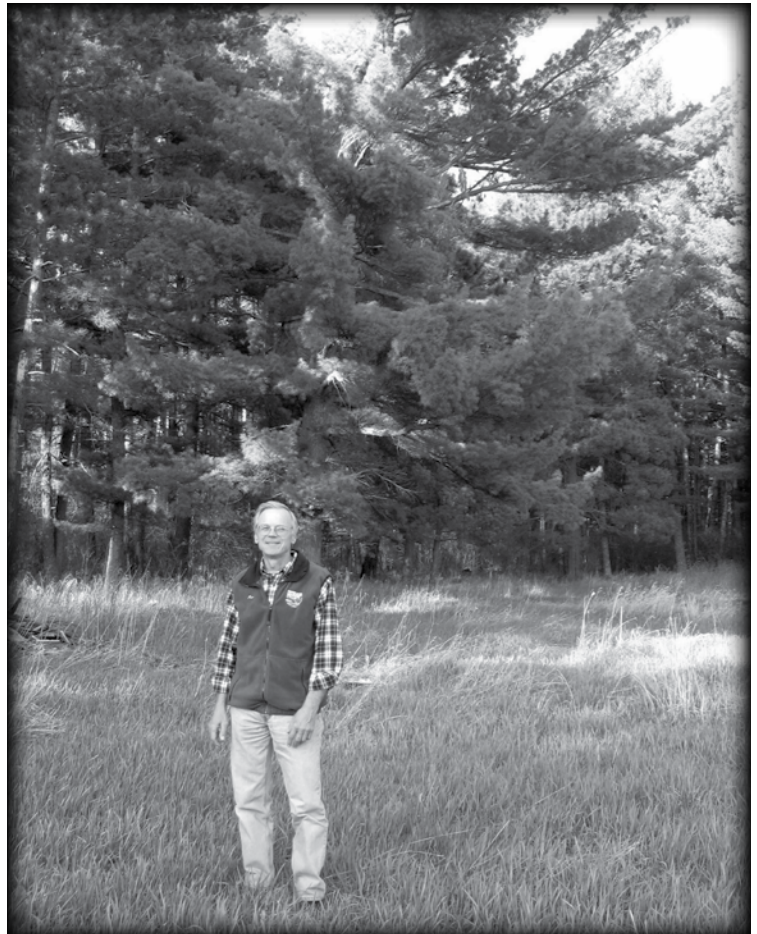
Jim and Jean's friends remember that evening in 1997 when Jim noticed the For Sale sign on the way to dinner. How things have changed since!



*Above: Jim in front of his home-made solar kiln.*

*Top right: An example of the white pine flooring Jim made and installed in their lake home.*

*Bottom right: Jim standing in front of the mature white pines on his land.*



# Woodland Economics

## Trees or Crops?

*By Anne Petry*

Say you own land that includes one or more farm fields. Financially, would it be more beneficial to rent the fields to a local farmer or plant trees?

Certainly in the prime farming areas of the state, cropland brings the greatest return. But, the story may be different in the northern half of Minnesota:

According to Pine County farmer Howard Swanson, the going rate for farm field rental is about \$20 per acre. Mike Beaufeaux, a Pine County woodland owner, recently thinned a stand of red pine and got \$20 per cord. Mike said, "Typical red pine grows at the rate of 1½ cords per acre per year. At the current low rate of \$20 per cord for a first thinning, that comes out to \$30 per acre per year or \$10 better than what I would get by renting the fields for crops."

In addition to a greater annual return, there could be a greater long term return as well, since wooded land often sells for more than cropland. According to one realtor, Pine County wooded land currently commands a 10 – 20% premium over open fields.

Yes, there is money in trees!



# Will Hunters Pay to Lease Your Land?

By Anne Petry

In Texas, there is very little public land so hunters often turn to leasing. Bill Cark, who lives in Beaumont, Texas, might be typical. He and a group of friends, all avid hunters, lease hunting rights on a 2,000-acre ranch in southern Texas each year. They need that much space because the country is so dry it can only support a few cattle and deer per square mile. It's hard to believe but Clark and his friends pay the rancher \$10 per acre, or \$20,000 total, for the year.

In Minnesota, we have millions of acres of public land so hunters would not be willing to lease land like they do in Texas, right? Wrong!

Since my family doesn't hunt, we looked into leasing our land to hunters 14 years ago. A simple ad in Outdoor News resulted in an inquiry from Tom and Mark, friends who are avid bow hunters. They leased hunting rights on 160 acres that first year and have renewed every year since. The lease rate started out at \$10 per acre and, with periodic increases, is now at \$12. I imagine a landowner could get more per acre for a 40-acre parcel and more yet for 20 acres.

Why would hunters like Tom and Mark be willing to pay for a place to hunt, particularly when we have state land on two sides of us? With exclusive right to the land for hunting purposes, Tom and Mark can enjoy the season from start to finish. During the summer they plant food plots and then install trail cameras to monitor usage. They enjoy watching photos of bucks developing over the summer and even from year to year. During the hunting season, they practice Quality Deer Management by letting the young bucks go and harvesting either a big buck or antlerless deer. The number of deer harvested is not a big concern; it's the season-long experience they enjoy.

During the first couple of years of leasing, the cost of insurance was nearly a deal-breaker. Since the hunters were paying us, we needed a special liability policy that cost almost \$1,000. Then we heard about a policy available through the Quality Deer Management Association (Google their name for more information). Under this policy, our leasers form a hunt club and purchase liability insurance through the QDMA program for just a couple hundred dollars per year. We as property owners receive a certificate of coverage from the insurance company at the beginning of every season.

About the only other cost we have had was the fee paid to an attorney the first year to draw up a simple lease agreement. As Tom and Mark renew each year, we simply change the dates on the original agreement.

The benefits of our leasing arrangement go beyond the money. For one, we have found Tom and Mark to be even more appreciative of the hunting experience than the friends and relatives who used to hunt our land. Whereas the friends and relatives seldom showed up when there was work to be done, Tom and Mark have spent many hours helping with chores like picking rocks on the small fields. In general, they care for and watch over the land as if it were theirs.



## Insurance - How Much Is Enough?

As woodland landowners, we have some insurance concerns our city neighbors do not. The forest is beautiful and enjoyable but it can also be dangerous. Widow makers – dead trees whose top is ready to fall at the slightest disturbance – are just one example of hazards that are unique to our woodland.

If someone is injured on the land, whether it's a family member, a friend or neighbor, it would be nice to have enough insurance to cover costs without risking the loss of our land, home and other assets. That's where insurance comes in.

To help you decide how much and what kind of insurance might be right for you, we asked Jeff Kitterman of the Minnesota National Agency in Long Prairie and Sauk Centre to make his recommendations for our fictitious couple, John and Mary Landowner.

### Meet the Landowners

The Landowners are in their 50s. They have three children, one in high school, one in college and one who is married and working. Both John and Mary are working and are likely to continue until they are at least 62. They bought an 80-acre woodlot 20 years ago and are amazed at how much it has increased in value. They have a total of \$500,000 in net assets (assets minus mortgage and other debt), which includes their home, their woodlot, savings and 401K accounts.

The Landowners have a Stewardship Plan for their land. Under that plan, they had a timber harvest of 15 acres a few years ago and are due to harvest aspen on another 20 acres in the next couple of years. The harvests are handled by a local logger. They enjoy working on little projects on the land, including putting up firewood for their own use and for neighbors. Sometimes one of the neighbors pitches in to help cut and split firewood. In the fall, the Landowners enjoy hunting deer and grouse and sometimes have a couple of relatives join them. The only revenue they get from the land is their SFIA payment plus stumpage from their timber harvests. They do not charge friends and neighbors for firewood or hunting, although sometimes they receive a *Thank You* gift, like some venison sausage.

### Jeff Kitterman's Recommendations

For John and Mary, the limit of liability insurance is certainly an issue, but equally important is the application of the correct coverages and endorsements. A key point for all private woodland owners, especially those who own more than

40 acres, is that common homeowners insurance may not provide correct coverage. For basic liability coverage, I recommend John and Mary start with a Farm Comprehensive Personal Liability (FCPL) policy. The agent with whom they work can modify the policy to fit their situation. In particular, the agent should make sure the underwriter is aware of any timber harvesting that may take place on the land.

Regarding limit of liability, John and Mary's basic liability policy should be for at least \$500,000. In addition, I recommend a farm excess liability or umbrella policy for at least an additional million dollars, making a total of \$1.5 million per occurrence. (Remember, one does not need to be a millionaire to be sued like one!) Also, to avoid any conflicts, I recommend that both the basic and umbrella policies be purchased from the same company and that the policies have the same effective dates.

For those unfamiliar with umbrella policies, they serve in excess of basic liability policies and normally come into play only when the limits of the basic policy have been exhausted. The cost of a million dollar umbrella policy varies but is normally only a few hundred dollars per year.

Most farm liability packages are extremely flexible and can be tailored to fit your specific risks and exposures. Other risks such as ATVs, livestock, watercraft, incidental businesses, employee liability, custom farming, rental properties, property of others in your control and a host of other circumstances may come into play. Bottom line: Make an appointment with an experienced, independent agent that understands timberland management practices. Have a comprehensive discussion about what is happening on your place and then ask for a proposal that responds to your specific needs. An independent agent is your conduit to the insurance company's underwriter and your advocate on issues involving your liability risk. Develop a trust relationship with this individual and it will pay dividends in the long run.

Jeff Kitterman is an agent with Minnesota National Agency of Sauk Centre. Contact him at Jeff.Kitterman@MN-Bank.com or 877-655-5211.



Jeff Kitterman

## Publications

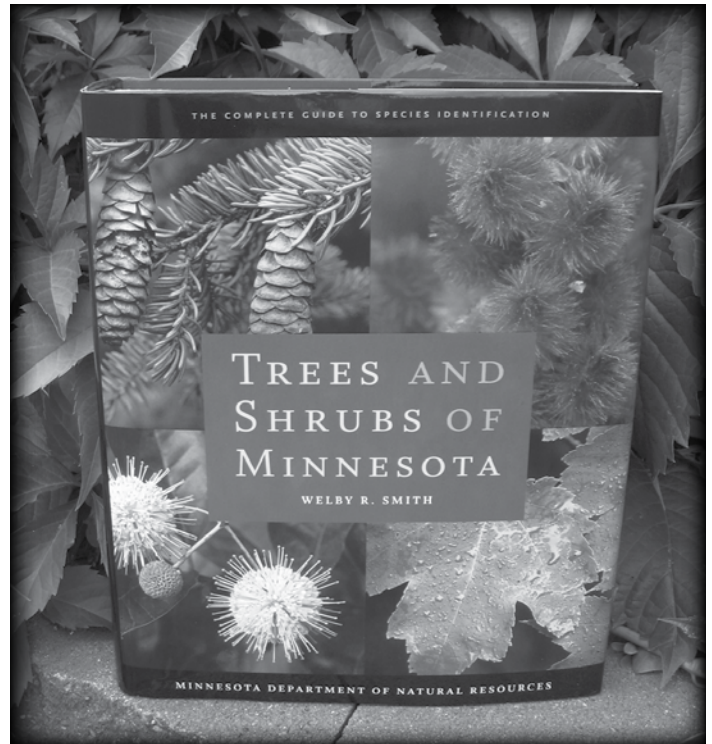
### *Trees and Shrubs of Minnesota*

Want to identify every tree and shrub in your woodland? Then this is the book for you!

At 700 pages and five pounds in weight, *Trees and Shrubs of Minnesota* contains everything a woodland owner might want to know on the subject!

Welby R. Smith, the author, is a botanist for the Division of Ecological Resources at the Minnesota Department of Natural Resources. In this new identification resource, the state's foremost botanist and endangered species expert provides authoritative, accessible, and up-to-date information on the state's native and naturalized woody plant species. This fully illustrated resource features:

- Easy identification: more than one thousand color photographs of fruit, flowers, bark, and leaves for every species, as well as more than one hundred illustrations by botanical artist Vera Ming Wong,
- Distribution maps: more than five hundred maps, including state and North American range maps,
- Descriptions of each species habitat, natural history, and ecology, which provide context to the entries,
- Comprehensive coverage of all native and naturalized trees, shrubs, and woody vines in Minnesota,



- 1027 color photos, 154 tables and 506 maps. 8" x 10" in size.

The cost of the book is high enough (\$69.42 with tax and shipping) that its purchase might be reserved for a birthday or Christmas gift for the woodsman or woodslady in the family. Purchase it from the University of Minnesota Press, [http://www.upress.umn.edu/Books/S/smith\\_trees.html](http://www.upress.umn.edu/Books/S/smith_trees.html).



*Shown here are a few of the 400 4th graders who participated in a Carlton County Arbor Day event in early May. This 20th annual event was produced by Carleton County Extension, Forestry Department and SWCD, along with the Kettle River Woodland Council, a MFA chapter. The lesson for the day was regeneration after logging. More than 500 pine trees were planted by the students.*

*Local Arbor Day events are just one way that Woodland Advisors and MFA chapter members can contribute in their local area. School Forest events is another example. For more information on how you can contribute in your area go to our web site, [www.MinnesotaForestry.org](http://www.MinnesotaForestry.org) > Lots More Info > Woodland Advisor.*

# Upcoming Events For more information on these or other events, go to [www.MinnesotaForestry.org](http://www.MinnesotaForestry.org).

## August September 2010

### Friday, August 14, 9:00am

- Perennials for Food and Fuel: Managing Diversity on the Landscape (Benson)

### Friday, August 21, 8:30am

- Agroecology Summit (Windom)

### Monday, August 24, 6:00pm

- White-tailed Deer and White Pine (Grand Rapids)

### Sunday, August 30, 5:00pm

- 3rd Crop Demo Plot Tour (Fairmont)

### Monday, August 31, 6:00pm

- Seed Cone Collecting – for Fun and Profit (Grand Rapids)

### Thursday, September 10 – Sunday, September 13

- Wisconsin Woodland Owners Annual Meeting. This is a huge event with many seminars and field trips. For more information, see [www.WisconsinWoodlandOwners.org](http://www.WisconsinWoodlandOwners.org).

### Friday, September 18, 9:00am

- 2009 North Star Expo (Grand Rapids). Remember Machinery Hill at the State Fair? This event is like Machinery Hill for woodland owners!

### Saturday, September 19, 9:00am

- 2009 North Star Expo (Grand Rapids)
- Goods from the Woods (Grand Rapids). For more information, see [www.GoodsFromTheWoods.org](http://www.GoodsFromTheWoods.org).

## Mark your 2010 Calendar:

### Friday & Saturday, January 8 & 9, 2010

- MFA's Winter Event (U of M Cloquet Forestry Center)



Minnesota Historical Society

*McGiffert Loader, Alger Smith & Company, Lake County, 1916. Manufactured by Clyde Iron Works, Duluth. Mounted on a railroad flatbed, the jammer could work directly from the tracks, allowing the logging cars called Russell Cars to pass under the McGiffert.*

Plan now to attend MFA's Spring Field Days and Tree Farm Awards

**Friday & Saturday, May 21 & 22, 2010** at the Forest History Center in Grand Rapids. Events include a Friday afternoon guided tour of The Lost 40 where you can see what a forest looks like that has never been touched by ax or saw. On Saturday there will be a series of educational sessions, inside and outdoors. Saturday evening will feature a banquet, silent auction, Tree Farm Awards and entertaining presentation on the History of Minnesota Logging.

For MFA members, [www.MyMinnesotaWoods.org](http://www.MyMinnesotaWoods.org) is the best online source of woodland information. Here's what's new this month.



- Minnesota forest insect & disease updates
- Woodland Advisor Program releases 2008 annual report
- Meet a Minnesota Logger: Westerlund Sawmill, Malmo Township
- Forest health feature: Looking for bacterial leaf scorch in Minnesota
- Community supported forestry
- Plus a Poem of the month, Photo of the month, News stories and Upcoming events

Have a question about your woodland? Post it on the Discussion Board. You may be surprised at how many good responses you get!

For the live version, with much more info on each topic, visit [MyMinnesotaWoods.org](http://MyMinnesotaWoods.org)

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