In late May, a group of more than 30 woodland owners gathered at the Harmon family’s Mile Property, located along Clear Creek near Viola. The event was the Clackamas County Farm Forestry Association’s first summer tour for this year. It was a special evening and a chance for many to reconnect on a forest property where well-known landowner and forester, Wendell Harmon, hosted many tour groups to learn about his forest management techniques.

Now, Wendell’s son, Dave, and family members are carrying on the legacy of Wendell’s work and stewardship of the land. Dave led the tour in May and was joined by brother-in-law Kent Lloyd. Together they shared the history of the property, their involvement as young men, and the work they are now doing.

Besides an opportunity to see the forest areas Wendell had worked in for many years, the tour highlighted projects that have been undertaken since Wendell’s passing. Dave and Kent stopped at a steep hillside area (see photo) that had been an older alder stand. The forest was logged with a cable system and replanted with Douglas-fir and western redcedar. Today, more than five years later, they have a well-established mixed forest, growing well and looking good.

The other new development on the property is work the family is doing to enhance their riparian area along Clear Creek—and, upgrade Wendell’s famous “underwater bridge.”

It was a great reunion at the Harmon property that included wonderful memories and inspiration for the future of the family’s innovative forest stewardship. Wendell would be very proud!

Michael C. Bondi,
Extension Agent—Forestry/Christmas Trees and Staff Chair
Upcoming Educational Programs for You!

**Volunteer Community Work Days…**

**it’s all about “learning by doing”**

Saturdays, July 14 and August 11 (8:00am - 4:00pm)
Hopkins Demonstration Forest, Beavercreek, OR

Summer is always a busy time down on the farm. The focus for the Work Days in July and August will be building and facility maintenance. The shop and Hopkins Hall need to be prepared for staining. The kiosks need painting and roof maintenance. Cedar Grove Shelter needs roof maintenance, too. Also, we have several big events coming up in late July so general clean up around the farm is needed to get us ready for our visitors.

All the help we can get during these coming two Work Days would be appreciated. Tim will plan lunch for all volunteers. Let him know if you’re coming and find out what equipment to bring by calling 503-632-2150.

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**Culturing Noble Fir Christmas Trees…**

**an evening with John Tillman**

Wednesday, July 18 (4:00 - 8:30pm)
Clackamas County farm location to be announced to program registrants

This year’s Christmas tree culturing demonstration will feature John Tillman, Washington tree grower and contractor. John is known throughout the Pacific Northwest for his tree culturing skills and his interest and ability in teaching others. He is the Associate Editor for the Christmas tree industry’s trade journal, *Lookout*, and author of its *Snip It* column. John has graciously agreed to join us for an in-depth look at how to produce outstanding quality noble fir trees.

The agenda for the evening will include the basic how-to’s, from basal pruning and young tree set up to mid-year and late cycle harvesting principles. John will focus on correcting tree form and shape problems, as well as strategies for producing the kind of trees you are interested in growing—based on size and taper.

This educational event will be a how-to demonstration clinic. You will learn by seeing, doing, and interacting with John. We will limit the attendance to 35 (please, no more than two registrations per farm, business or family) so attendees can see, hear, and have their questions answered. **Pre-registration is REQUIRED**—use the form at the end of this newsletter. This program includes a $30 registration fee to cover program expenses. **See next page for more information…**
Culturing Noble Fir Christmas Trees program, continued…

Finally, we will take a 30 minute dinner break between 6:00-6:30pm. Bring your own sack dinner. Beverages will be provided. Questions? Contact the OSU Extension Office in Oregon City at 503-655-8631.

We do have space still available for this special educational event. Sign up today before it’s too late!

Double Tree Land & Timber Tree Farm Tour

Thursday, August 2 (5:30pm depart ODF office - tour 6:00pm - till dark)
Meet at Oregon Department of Forestry office in Molalla
14995 S Highway 211, Molalla OR 97038

Gary and Joan Deardorff were one of our Clackamas County Woodland Farmer of the Year nominees last year. Join us for a tour of a portion of their property south of Molalla.

Here’s what you’ll see on the tour of the Deardorff farm: roads, stream crossing to improve fish passage, forest thinning, Christmas trees to timber with bough production in between, and an impressive story of family forestry for many years.

Gary’s dad, Willard, was one of the first Woodland Farmers of the Year back in 1963. He was a nominee in 1957, 1958, 1959, and 1960. Willard is well-known throughout the county for being our largest private non-industrial forest owner. Also, Willard’s properties are well-known for having some of the most impressive road systems anywhere.

With tree farming in his blood, Gary purchased his first forest property when he was 18 years old. Today, he and his wife, Joan, own more than 2,000 acres. Come see what they are doing and learn the history of their ownership and the tradition they are carrying on for future.

No registration necessary. Tour is open to the public.
CCFFA Summer Picnic and Forest Tour...
Camp Howard—2006 Woodland Farmers of the Year

Saturday, August 18 (4:30pm - dark)
11010 SE Camp Howard Rd, Corbett, OR 97019

Camp Howard is a 245 acre Catholic youth property located northeast of Sandy overlooking the Bull Run watershed and Mt Hood. For the past twenty years they have been managing their forestland with camp safety and income production for camp developments as their primary objectives.

At last fall’s Tree Farm Recognition Banquet, Camp Howard was named the Clackamas County Woodland Farmers of the Year. Sister Krista von Borstel is the camp director and is shown at the left in one of their harvest areas with a new reforestation plantation.

This year’s CCFFA Summer Picnic and Forest Tour will be a special chance to learn about the camp, their youth education and outreach programs, and their forest management principles and practices.

The program will begin with a potluck dinner starting at 5:00pm. Plan to arrive about 4:30 to visit and set up for our meal. The forest tour will start shortly after 6:00pm. Here’s our plan for the potluck dinner—it’s always fun. Everyone is welcome!

**Dinner Arrangements**

- CCFFA will provide meat for the dinner—to be determined
- Last name starts with A through H, please bring a dessert
- Last name starts with I through Q, please bring a salad
- Last name starts with R through Z, please bring a side dish
- CCFFA will provide beverages, too—hot and cold
- All plates, cups and silverware will be provided by Camp Howard
- Our dinner will be held in the camp’s Dining Hall, so no chairs or picnic blankets will be needed.

**Directions:** Camp Howard is in the community of Aims, between Sandy and Corbett just off Gordon Creek Road and Bull Run Road. A detailed map from the Sandy area is provided at the end of this newsletter.

Directions coming from I-84 and Corbett are as follows: Travel on I-84 East past Troutdale to the Corbett Exit 22. Turn right and drive up Corbett Hill Rd. At the top, the road splits; go right to the stop sign. Take another right and an immediate left on Evans Rd. Follow Evans two miles to the flashing red light. Go straight onto Gordon Creek Rd. Gordon Creek Rd becomes Bull Run Rd. Follow this road about 8 miles to a T-intersection. Bull Run Rd goes to the right and Warriner Rd goes to the left. Take Warriner Rd left. After approximately one mile, Warriner ends. Take a right at the Camp Howard Rd sign down a steep gravel road. After about 100 yards, take a left into the Camp Howard entrance.
For some investors, money grows on trees


When a tree falls in a forest, chances are that it can be heard all the way to Wall Street, and throughout other financial circles as well.

Once the exclusive province of businesses and individual landowners, timberland is being held increasingly by big institutions — from pension funds and university endowments to private funds and real estate investment trusts — that are looking for new ways to diversify their investments.

According to industry estimates, financial institutions now own nearly 5 percent of the forests of loblolly pine, Douglas fir and other widely harvested trees in the United States, and that percentage is expected to widen. A significant portion of the timberland is held through privately run timber investment management organizations, or TIMOs. Twenty-five or so years ago, their exposure was virtually nonexistent.

Why the interest in this asset class? For one thing, returns have been, well, solid and growing. Timberland produces revenue from sales to lumber and paper companies, with uses ranging from home building to disposable-diaper production, along with long-term gains from the value of the property itself.

At the Hancock Timber Resource Group, a TIMO with $6.6 billion in assets and 3.8 million acres under management worldwide, returns after fees averaged 13.8 percent, annualized, from its inception in 1985 through last year, according to Courtland L. Washburn, the chief investment officer. The National Council of Real Estate Investment Fiduciaries Timberland Property Index, meanwhile, rose at an annualized rate of 15.09 percent from its inception in 1986 through the first quarter of this year, and over the last three years through the quarter it returned 14.63 percent, exceeding the 12.25 percent annualized gain of the Standard & Poor’s 500-stock index over the same period.

Timber is also seen as a hedge against inflation and the fluctuations of most financial securities; analysts say it has a low correlation with stocks and bonds, meaning that its returns may well be rising when securities prices are falling.

“People are looking for that extra yield,” said Maria Maslovsky, an analyst at the real estate finance group of Moody’s Investors Service who has seen increased interest in alternative investments like timber in the last five years. “It will become more mainstream over time.”

Joel B. Shapiro, the chief executive of Timbervest, a TIMO based in Atlanta that manages more than 650,000 acres of timberland nationwide, agreed. He said that “if there ever was a true hedge-fund investment, timberland is it.”

“Your investment becomes more valuable even if the investments are down,” he said, “because the trees themselves are growing more valuable.”

But getting into timberland can be expensive, at least for the average investor. While there may be some limited partnerships with minimum investments in the six-figure range, most minimums at TIMOs, which function much the way private equity funds do, start at around $1 million and rise to as much as $10 million.

“You can buy your own wood lot, but there are no economies of scale,” said Richard N. Smith, a founder of Hancock Timber Resource and now the president of Forest Systems, a company in North Easton, Mass., that provides consulting and forest management services.

For the smaller investor, Mr. Smith and others say, the most affordable option is to hold stocks of companies like Weyerhaeuser, based in Federal Way, Wash. Weyerhaeuser, through its forest products division and joint ventures, owns or manages 21.5 million acres of forests in North America, Australia, New Zealand and Uruguay.

Other large publicly traded companies like International Paper and Temple-Inland have either sold or plan to sell off most of their timberland.

But there are also timber REITs from which to choose. They hold portfolios of timberland and disburse most of their profits to shareholders as dividends in exchange for favorable tax treatment. In addition, Congress is considering legislation, known as
the TREE Act of 2007 (short for the Timber Revitalization and Economic Enhancement Act), that would lower the tax rates on timber properties to help the industry become more globally competitive.

The largest of the REITs is the Plum Creek Timber Company, which is based in Seattle and holds more than eight million acres of timberland across 18 states. The company started as a limited partnership and converted to a REIT structure in 1999.

Rayonier Inc., based in Jacksonville, Fla., converted to a REIT in 2004; it owns or manages 2.5 million timberland acres in the United States and New Zealand. The Potlatch Corporation, based in Spokane, Wash., switched to REIT status as of last year and has 1.5 million acres.

A fourth REIT, the Longview Fibre Company of Longview, Wash., agreed in February to be acquired by Brookfield Asset Management of Toronto in a deal valued at $2.15 billion, including assumed debt. A new nontraded REIT, though, is starting: the Wells Timberland REIT, offered by the Wells Real Estate Funds.

The Wells REIT, which is available through brokers and financial planners and has a minimum investment of $5,000, plans to invest in timberland properties mainly in the Great Lakes, Northeast, Northwest and Southeast regions, according to Jess Jarratt, a veteran forester and Wells’s chief timberland officer. So far, he said, “there is a lot of positive buzz.”

“Our target investors are individuals looking for diversity in their portfolio,” Mr. Jarratt said.

Investors should be patient, too. The typical holding period for nonlisted funds and TIMOs is 10 years, and sometimes even longer, after which the sponsors must decide either to sell shares on a public exchange or to liquidate the properties and return the prorated proceeds to shareholders. Investors in REITs and other publicly traded companies, on the other hand, can sell their holdings at any time.

For now, industry analysts say the outlook for timber is generally positive, despite the current slowdown in the housing market. “We’re going to need to build new houses over time,” said Steven Chercover, a vice president and senior research analyst at D. A. Davidson & Company.

Still, Christopher Wimmer, an assistant vice president at Moody’s, said, “If you’re in the wood products business, the slowdown in the housing industry is certainly putting some pressure on your earnings.” He noted, too, that “the yield has compressed like other real estate assets.”

Plum Creek Timber said its first-quarter net income dropped 52 percent from the same period in 2006, reflecting softer timber markets and a drop in housing starts, while Potlatch said quarterly earnings from continuing operations plunged 92 percent from the period last year.

Charles Margiotta, a senior vice president for business development at Rayonier and president of its real estate subsidiary, said his company was concerned about home sales as well, although “the timber business hasn’t been affected as we expected.”

Strong demand for timber overseas, particularly in Asian markets like China, Japan and South Korea, has helped, he said. The company has also had steady revenue from its production of cellulose specialty products, which have a wide range of uses, from pharmaceuticals to paints to liquid-crystal display screens.

Yet the real estate that Rayonier and other companies own — with or without trees — may ultimately be the most valuable asset. “Over time that land is going to become golf courses, shopping centers or residences,” Mr. Chercover said. And that, he said, would be unfortunate. “Trees are a fabulous renewable resource,” he said, “and a great form of carbon sequestration,” which could help counter global warming.

http://www.forestrycenter.org/headlines.cfm?refid=98828
News You Can Use...

It’s Time for Woodland Farmer Nominations!
Nominations for the 2007 Clackamas Woodland Farmer of the Year are now open. Stan Beyer, past president of the Clackamas County Farm Forestry Association, is chairing the awards nominations committee.

If you know a forest owner who is doing a nice job of caring for their land—i.e., has a plan for managing their forest, is doing active management including harvesting, land rehabilitation, tree planting, wildlife enhancement, care of soil and water, making efficient use of the resources they have to work with…and has a good looking property—then contact Stan to consider your nomination. Nominations should be submitted by July 20. Stan can be reached at 503-829-4284.

The 2007 Clackamas Woodland Farmer of the Year nominees will be showcased at the annual recognition banquet on Saturday, October 20. Mark your calendars today to save the date.

Log Sort Yard Tour Comes Across New Market
The recent tour to the Thompson Sort Yard in Philomath helped participants understand just how the yard is set up and how it functions. About ¾ of the wood coming through the yard is from Starker Forest Products. But, a variety of other landowners and consultant forestry bring wood through, too.

The yard is a gathering point for logs that are sorted into appropriate grades prior to selling. About every six weeks Starker Forests sells several decks of wood—each a different sort—to the highest sealed bidder. Domestic and export logs, oversized old growth logs, cedar and pulp were some of the sorts we were able to see in the yard during the tour.

But, probably the most interesting sort was a new market for red alder veneer logs being shipped back to Wisconsin. In the recent months the Besse Forest Products Group has started purchasing alder logs in western Oregon. The only place they are gathering logs right now is the Thompson Yard. Top prices are paid for minimum 12” small end diameter logs that are 10’ 6” long, clean, straight and free of defect. The price now is $1500/MBF. This looks like a very nice market for landowners having good quality, older alder.

John Rollin, Besse’s log buyer for the Pacific Northwest, explains the specifications for purchasing alder veneer logs to tour participants. John can be reached at 541-268-1900 for more information.

MWMs Complete Training--graduate in July
Seventeen forest owners and managers from around Clackamas County have just completed their nine module training that started the first week of January. Their graduation ceremony is scheduled for July 28 at the Hopkins Demonstration Forest. It will include Extension Forestry Program Leader, Jim Johnson, and other dignitaries from the county.

“This is a great new group of volunteers that will have an important impact on furthering how family forests are managed in Clackamas County,” said Mike Bondi. “We are excited to reach out to more clients who would like the expertise and experience that the MWMs have to offer.”

Hopkins Forest Plans Summer Harvest
This year’s timber harvest at the Hopkins Demonstration Forest is now ready to go. About 70,000 board feet are scheduled for removal from a forest thinning in the Pole Management Area and around the Cedar Grove Shelter. The last time this area was thinned was 1997. An earlier thinning was conducted in 1991. This year’s logging will be done in late summer and early fall.
“Much of what we want to remove in this thinning is larger Douglas-fir, many 27” in diameter and larger,” said John Poppino, Chair of Forests Forever’s Forest Management Committee. “We want to remove these trees while we have pretty good markets for this bigger wood.”

The forest to be harvested includes considerable western redcedar located lower on the slopes of the area. “The cedar are the real money trees so we need to transition the stand by giving these trees more space and stimulate their growth for the future,” said Poppino.

A dozen forest owners attended a recent tour to see the harvest area and plans for this summer.

**TOSAs at Hopkins**

For the fourth year the Hopkins Demonstration Forest will host the Oregon Teacher on Summer Assignment program sponsored by the Oregon Forest Resources Institute (OFRI). But, unlike past years, this summer Hopkins will have three teachers—not just one.

This year’s team will include: Jason Pipkin, Vocational Forestry Instructor for the North Clackamas Sabin-Schellenberg Center; Ruth Reno, instructor for the Talk About Trees program for K - 8th grades; and David Scharfenberg, 5th grade teacher at Pleasant Valley Middle School.

For six weeks beginning on June 25, the teachers will work on a variety of forestry projects including finishing the inventory and marking for this summer’s logging, re-inventorying the Thinning and Pruning Demonstration Area in preparation for a harvest there next summer, assessing wildlife habitat on the farm, and designing a road system to access a new portion of the property.

**Title III Funding Extended Another Year**

After considerable political wrangling, a one year extension was provided by Congress to continue the Secure Rural Schools Act that provides funding for natural resource education. Clackamas County has received about $1.9 million per year from the federal government to offset dollars the county had received in past years from timber harvesting on Forest Service and Bureau of Land Management lands.

During the past five years the Clackamas County Commissioners have provided Title III dollars to support Tree School, the Master Woodland Manager program and the educational programs at the Hopkins Demonstration Forest.

**New Extension Publications...**

EC 1587, Selling Timber and Logs
Authors: Steve Bowers and John Punches
New May 2007, 20 pages, $3.50
http://extension.oregonstate.edu/catalog/pdf/ec/ec1587.pdf

EC 1603, The Wildlife Garden: Dark-eyed Junco (Junco hyemalis); Authors: Matthew Mulanax and Hanna Stone New May 2007, 4 pages, $1.00
http://extension.oregonstate.edu/catalog/pdf/ec/ec1603.pdf

EC 1606, The Wildlife Garden: Wood Duck (Aix sponsa); Authors: Zach Turnbull and Sarah Sells. New May 2007, 4 pages, $1.00
http://extension.oregonstate.edu/catalog/pdf/ec/ec1606.pdf

**Work Continues on Growth Regulator for Christmas Trees**

Additional research is being conducted this summer on the naturally occurring growth regulator, naphtaleneacetate, to control leader growth—and now, side or lateral growth on Christmas trees.

New field trials were established in late May and June looking at cut and uncut leader growth on
noble fir, as well as lateral growth on noble and Douglas-fir.

*Sucker Stopper™* was approved for a 24-C label in Oregon this past spring for leader control on noble and Nordmann fir. This year’s trials continue to refine the recommended rates and investigate other uses of controlling Christmas tree growth.

**Special District update**

The Extension Service in Clackamas County has begun work with a media consultant who will be helping us develop messages to help describe the programs and services we offer to the public. The messages will be used as we go forward with meetings before each of the county’s seventeen city’s mayors, city managers and city councils.

Each of the county’s cities will be asked to approve a resolution to include their voters in the county-wide ballot measure to establish an OSU Extension Special District in the county and a permanent tax base.

“Working with the cities is a critical first step in the Special District process,” said Mike Bondi, Extension’s Staff Chair in Clackamas County. The goal is to gain city approvals by early 2008. After the city approval process is completed, the County Commissioners must hold two public hearings prior to the official formation of the Special District and the tax base.

“One of the big challenges Extension faces is helping the public who don’t know already who we are to understand the services we provide and the value we add in the community,” said Bondi. “The name Extension doesn’t really say much to a person who doesn’t know who we are or what we do.”

Another step in the Special District process will be the establishment of a political action committee that will be responsible for raising funds to support an outreach campaign on the ballot measure. The group will have the fiduciary role for finances raised, as well as strategic planning for the campaign efforts.

Anyone interested in getting involved in any of the coming Special District activities should contact Bondi at 503-655-8631.

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**Oregon Ag Sales Hit Another New High**

Agriculture in Oregon generated gross sales of $4.4 billion in 2006, setting an all-time sales record and logging a fourth straight year of sales growth.

"In summary, 2006 was a good year for Oregon agriculture," said Larry Burt, an OSU Extension economist and lead author and coordinator of the annual Oregon agricultural statistics report.

"Nursery Crops, with sales of $679 million, returned to the number one rank in 2006 after being slightly behind cattle estimates since the 2002 crop year," Burt said. "Cattle returned to the number two ranking at $636 million.

"Taken as a whole, ornamental crops such as nursery, bulbs, greenhouse crops, turf sod, and Christmas trees accounted for $961 million of 2006 Oregon agricultural sales – almost 22 percent of total agricultural sales in the state," he added.

Thirteen Oregon counties had more than $100 million in farm sales, led by Marion County, with $585 million; Clackamas County, $395 million; Washington County, $322 million; Umatilla County, $289 million; and Yamhill County, $276 million.

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**CLACKAMAS COUNTY OSU EXTENSION ENDOWMENT**

Assure long-term funding for Clackamas County Extension programs for Forestry, Christmas tree, 4-H, agriculture, family and Sea Grant educational and research programs.

**CONTACT:**
Mike Bondi, 503-557-5880
Email: michael.bondi@oregonstatae.edu
Directions to Camp Howard from Sandy

From Hwy 211 in Sandy:

- Turn RIGHT onto Hwy 26
- Turn SLIGHT LEFT onto SE Ten Eyck Rd
- Turn LEFT to stay on SE Ten Eyck Rd.
- Turn RIGHT to stay on SE Ten Eyck Rd
- Turn LEFT to stay on SE Ten Eyck Rd
- Turn SLIGHT RIGHT onto SE Bull Run Rd
- Turn LEFT to stay on SE Bull Run Rd
- TURN RIGHT to go onto SE Warriner Rd
- Turn RIGHT onto SE Camp Howard Rd
- Turn LEFT into CAMP HOWARD
Noble Fir Christmas Tree Culturing Tour
Registration Form
Wednesday, July 18 (4:00-8:30pm)

Attendee Name(s) __________________________________________________________

Mailing Address __________________________________________________________

Daytime phone ___________________________ Email ____________________________

Registration is required and limited to 35 people. Cost is $30 per person. Make checks payable to OSU Extension Service. Mail this form and your payment to OSU Extension Service, 200 Warner-Milne Road, Oregon City OR 97045. Be sure to bring a brown bag dinner and be prepared for the outdoors. Registration deadline is Friday, July 13.