

# MINUTES

## EASTERN REDCEDAR REGISTRY BOARD

Friday, March 13, 2015  
10:00a.m.

CPS Conference Room  
Agriculture Building  
2800 N. Lincoln Blvd  
Oklahoma City, Oklahoma

The Eastern Redcedar Registry Board met in regular session at 10:00 a.m., March 13, 2015 in the Consumer Protection Services Conference Room of the Agriculture Building, 2800 N. Lincoln Blvd., Oklahoma City, Oklahoma. Written notice of this meeting was filed with the Secretary of State and posted on the Department of Agriculture, Food, and Forestry website. A notice was posted on the door of the Agriculture Building 24 hours prior to the meeting setting forth the date, time, place and agenda for the meeting.

Members Present: Paul Todd  
Trey Lam  
Jim Reese  
Elmer Maddux  
Richard McDaniel (Designee for Scott Thompson)  
Steven Glasgow

Members Absent: Dr. Salim Hiziroglu  
Gary Bledsoe  
Bob Thompson  
Bruce Brown

Mr. Todd called the meeting to order and a quorum was declared.

Mr. Todd welcomed Mr. Ken Windle, Mr. Gail Hopper, Mr. Gary Hastie, and Dr. Craig McKinley to the meeting.

Mr. Hopper, originally from Northwestern Oklahoma, has been involved in the lumber business since the 1960's. He's had mills operating in Arkansas, Oklahoma, New Mexico, and also in Nicaragua. Currently, he is extracting cedar just north of Seiling, Oklahoma and paying \$200.00 a thousand per board foot; on the stump, but the cedar has to be exceptionally large and high quality. The high quality logs are exported to Korea and Japan, but primarily process the cedar into primary products.

Mr. Todd asked if Mr. Hopper would qualify for the vacant harvester position on the ERC Registry Board.

Mr. Maddux moved, Mr. Todd seconded, to approve the minutes as presented of the January 9, 2015, meeting of the Eastern Redcedar Registry Board.

Those voting Aye: Paul Todd, Trey Lam, Jim Reese, Elmer Maddux, Richard McDaniel, and Steven Glasgow. No: None. Abstentions: None. The motion passed.

Dr. Craig McKinley, with the National Resource Ecology and Management Department, presented to the Board on the Oklahoma Redcedar Resource and Its Potential Biomass Energy. Handouts passed during the meeting covering redcedar volume, energy estimates, and Dewey County Redcedar Canopy Cover map. Approximately 1.1 to 1.5 million acres of Oklahoma land has a canopy cover of at least fifty percent of redcedar trees.

Dr. Craig McKinley, Gail Hopper, and Paul Todd met with Mathew Smidt, a faculty member at Auburn University. Mathew Smidt would like to do an operation study on redcedar harvest cost analysis and innovation in the eastern plains. The handout given to Board members is an abstract of his project. His study looks at and determines the outputs of current redcedar harvest systems. The project has possible benefits for Oklahoma.

Mr. Todd spent a considerable amount of time on the phone to give Board members a brief update on cedar oil supplies.

Mr. Todd contacted Mr. Winfred Bates in Hot Springs, Arkansas. His plant is still down due to a fire about a year ago. He is in the process of rebuilding and is not currently producing any oil.

Cedarworks in Hot Springs, Arkansas is operating at about 60% capacity. The biggest problem is not the sale of oil. It is getting the raw product to their plant, to grind and extract the oil, for a price they can afford. Within the last year, they bought a plant in Junction, Texas. The production of oil there is not high quality.

Giles & Kindell from Huntsville, Alabama are producing oil at about 900 barrels a year. They get their stock from a variety of sources. They do buy some cedar logs to grind. They produce cedar closet lining, among other cedar products. All by-products from the sawing operations go to the production of cedar oil.

Texarome in Leakey, Texas is pretty guarded with their information.

Mr. Todd passed out a handout to the Board regarding the proposed Statement of Work for the New Product Development Center (NPDC) to address the requirement for a continuous cedar oil extraction process. The NPDC will design a lab scale pilot system to establish proof of concept. The goal of this research is to design a new continuous process for Cedar Oil Extraction.

NPDC is a standalone operation within the university system. Mr. Todd presented a proposal to the Board to design a new continuous process for cedar oil extraction. The research will include the thermal modeling for the system, mechanical design of the equipment, and lab scale testing for model validation. It will cost \$7,600 to design a prototype.

Mr. Todd has looked at several grant possibilities. In order to apply for those grants, one must have something solid. Right now, we don't have anything solid to apply for the grant proposals.

Mr. Lam wants to know who would own the intellectual property. Dr. McKinley stated that it will be in the contract and will need to be signed later. At this point in time, there is nothing that has been determined one way or another. As this moves forward, a confidentiality agreement will be required.

Mr. Reese asked Mr. Todd what he expects out of this. Mr. Todd expects no monetary return. There is nothing in it for him, other than to make something happen.

Mr. Windle asked if there are any checks and balances in place. Need to make sure things get done in a timely manner. Who would oversee the contract/or agreement? Does this Board or Secretary Reese oversee the agreement? Mr. Reese recommends the Chairman of the Board to sign the contract with OSU to fund the project.

Mr. Lam recommends making a motion to fund this, so we can take a vote and continue to talk. Mr. Maddux seconded. Now the floor is open for discuss.

A motion to authorize the Chairman to negotiate the contract with NPDC and thereby find out the parameters, who would hold the intellectual properties, how long this will take, and all those things before he signs the contract.

Mr. Lam moved, Mr. Maddux seconded, to move forward.

Those voting Aye: Paul Todd, Trey Lam, Jim Reese, Elmer Maddux, Richard McDaniel, and Steven Glasgow. No: None. Abstentions: None. The motion passed.

Update/Discuss HB1075 – Mr. Reese briefed the Board on HB1075. This bill will move it from the Oklahoma Department of Agriculture, Food, and Forestry to the Department of Environmental Quality, hire a coordinator, and to recreate the registry. The bill will give tax credits, tax reduction which will lower your tax rate for anyone who has fifty percent infestation of redcedar on property. The tax issues are the biggest problem with this bill.

## Reports

### Marketing

Marketing was taken care of by Dr. Craig McKinley by showing Mathew Smidt's proposal to show that we actually have products to market.

### Research

The Board voted on the cedar oil research project with New Product Development Center (NPDC).

### Prescribed Fire & Statewide Insurance

Handout passed to the Board members on Prescribed Burn Liability Insurance. Steven Glasgow stated that The Bramlett Agency, The Noble Foundation, and the Oklahoma Prescribed Burn Association have been working with the Bramlett Agency out of Ardmore. They have been working with them for over year and a half. The current premium cost \$250.00. The information has gone out through all conservation districts and NRCS.

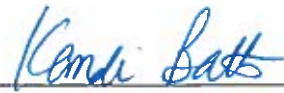
## Old Business

The next ERC Registry Board meeting will be held on Friday, May 22, 2015 at 10:00 a.m. in the CPS Conference Room at the Oklahoma Department of Agriculture, Food, and Forestry.

There being no further business to come before the Board, Mr. Maddux moved, Mr. Lam seconded, that the meeting be adjourned at 11:46 a.m.



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Chairman, Eastern Redcedar Registry Board



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Executive Secretary