

Morrill Farm Dairy LLC.

33 Penacook St.

Penacook, NH

City of Concord Conservation Commission

In March of this year we requested the Conservation Commission to consider a fifty percent reduction in annual rent for the Locke Rd. property. As requested this letter is to provide more detail to support our request.

When we signed our lease in 2012 our industry was in a much different situation than it is today. Milk prices and markets were stable as well as profitable and all indications showed they would stay that way. Strong markets for corn silage and a large demand for crop land set the bar for land rent prices. In our original letter we stated that milk prices had dropped from \$21.00 per hundred pounds to \$16.50 per hundred pounds. Throughout this season milk prices continued to drop to as low as \$15.00 per hundred pounds and are slowly starting to increase as we go into the winter months. While milk prices have not dropped fifty percent, the loss of dairy income has significantly impacted our business as well as others. For most farms in the North East including ours the cost of production to operate is about \$20.00 per hundred pounds of milk. As prices drop we do what we can to keep our cost down and rely on other sources of income such as feed sales. Our largest corn silage customer of over 25 years bought about 2,000 tons of corn silage per year. This took about 100 acres of land to produce. We also had other smaller customers that bought corn in smaller amounts for a total of about 2500 tons sold per year. In 2015 our large customer sold his herd of cows due partly to the declining milk prices. As milk prices continued to drop other farms throughout the North East have also gone out of business creating a large surplus of both cropland and corn silage. As this has been happening we have seen silage prices drop below the cost of production just to make cash flow and with less cows being milked most of our markets have disappeared altogether. Over the past few years we have cut back the number of acres of corn that we grow.

In August of this year we sold 300 head of mature milk cows and consolidated our operation back to the home farm in Penacook. With fewer animals to feed, minimal markets for corn silage and milk prices still below the cost of production we have to continuously look at options to operate successfully. With future plans to build a new facility and increase milk cow numbers in the near future this land is still an important part of our operation. In the meantime we are looking at ways to utilize all of the crop land we operate to grow different crops for our own use and to market as efficiently as possible.

A reduction in the rent price of the Locke Rd. property will help allow us to save some operating costs as we continue to work through these difficult times.

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