Minutes of the Agriculture Task Force Meeting
Murray State University
January 13, 2009
Regional Special Events Center – VIP Suite, 3rd Floor
6 p.m.

Call to Order and Introductions

The Agriculture Task Force toured the Carman Animal Health Technology building at 5 p.m. Ms. Peg Hays, Chair, called the meeting to order at 6:20 p.m. in the Regional Special Events Center following a brief dinner. The following Task Force members were present: Bill Adams, Tony Brannon, Will Ed Clark, Bob Hargrove, Emily Harned, Doug Lawson, Jay Morgan, Kim Oatman, Jim Stahler and Tom Denton (Ex-officio). Absent: Marilyn Buchanon. Others present included: Wade Northington, Director, MSU Breathitt Veterinary Center (BVC), and Jill Hunt Lovett, Coordinator for Board Relations, Executive Secretary to the President and Secretary to the Board of Regents.

Minutes of the Agriculture Task Force Meeting December 1, 2008, approved

Mr. Clark moved that the minutes of the Agriculture Task Force meeting on December 1, 2008, be approved as submitted. Mr. Stahler seconded and the motion carried.

Minutes of the Agriculture Task Force meeting on December 30, 2008, were earlier provided in draft form and Task Force members were asked to forward any revisions to Mrs. Lovett. The minutes will be submitted for approval at the January 27, 2009, meeting.

Guest Speakers

Rocky Napier from BASF was originally scheduled to attend the meeting but had to cancel. Dr. Brannon reported that one of Murray State's most valuable sponsors is BASF which provides funding for graduate and undergraduate research projects. The three largest partners Murray State works with include BASF, Garst and the University of Kentucky (UK) but the University is constantly facing the issue of not having enough available land for the projects these companies would like to initiate. A letter from Andy Bailey, UK Associate Extension Professor, was distributed to illustrate the importance of MSU farmland utilized by UK for dark tobacco research and the need for additional land suitable for that research.

Dr. Brannon introduced Ms. Hillary Spain with BioDimensions – AgriBioworks in Memphis, Tennessee, who is a Murray State graduate and was named Outstanding Senior Woman in School of Agriculture. Highlights of her PowerPoint presentation included:

- The bioeconomy is an economy in which the basic building blocks for industry and the raw materials for energy are derived from renewable plant/crop feedstocks ("biomass").
- New technology platforms for new crops exist, including oleochemicals (renewable oils), niche/specialty crops (identity preservation) and biochemicals (sugar fermentation).
- The face of agriculture is shifting rapidly and old assumptions are no longer true. There are now multiple growing seasons, diverse farming capabilities, new markets (biofuels and biobased products), transportation and logistics issues and high energy and raw material costs.
- Examples of alternative crops include oilseeds (unique fatty acids such as lesquerella and camelina), rubbers and resins (guayule), fibers (kenaf, flax), starches and sugars (sorghum), aromatic/lignocellulose and medicinal.
- Farmers benefit from growing these crops because they are less vulnerable to the weather, pests and market forces and benefits include better distribution of labor, potentially higher income, boosted yield on other crops in rotation, generally lower water and input needs and value-added opportunities.
- Industry also benefits from these types of crops because they provide new opportunities in the value chain and rely on a dependable raw material supply.

Ms. Spain discussed the agricultural and bioenergy value chain from the germplasm/seed stage to the processing stage and reported that what is missing in between are the cultivation, harvest, transport and storage steps. Murray State is a university with strong agriculture programs and

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research farms and is an ideal candidate to fill this gap. Companies interested in pursuing the germplasm/seed stage of the value chain include Mendel Biotechnology, Ceres, Monsanto and Vision Paper with a focus on technology crops and sustainable oils. Companies interested in pursuing the processing stage of the value chain include BP, PPG, PMC Biogenix, Hardy Bottling Company, Buckeye Technologies, Kimberly-Clark, Memphis Biofuels and Chevron Technology Ventures. A bioeconomy farm at Murray State could be an integrated biomass production, processing and utilization facility; a research, teaching and extension facility to advance the West Kentucky area; and a place to research sustainable production, harvesting, transportation and storage of biomass to be used for biofuels and bioproducts.

A case study with Mendel Biotechnology of California (founded in 1997) was provided. This company currently has operations in Illinois, Indiana, Alabama, Texas, China and Germany and is a leading trait technology provider in the food crop industry, has a strong intellectual property position in plant gene regulation and has strong long-term partners such as Monsanto and Bayer.

Ms. Spain reported that switchgrass is a commonly studied perennial grass in the United States and miscanthus is a popular energy and cellulose crop in Europe and Asia. Little effort has been made to improve miscanthus performance in the U.S. which creates an opportunity for rapid gain from a technology effort and Mendel has developed the miscanthus transformation capability and would like to accomplish the following through Murray State University:

- Introduce miscanthus and sorghum as sustainable bioenergy crops for the region
- Demonstrate an economically viable biomass supply program utilizing carbon neutral, sustainable bioenergy crops to service the emerging lingo-cellulose biofuels and power industries
- Provide bioenergy crop variety trials for agronomy, biomass supply chain logistics and biomass analysis experimental research

Biomass generally refers to materials resulting from dedicated crops, forestry operations and conventional agriculture operations but for discussion purposes Ms. Spain is referring to crops that are primarily perennial grasses such as switchgrass. Perennial grasses require reduced fertilization and while they require an increased workload in the year of establishment, they represent an eventual reduced workload compared to what annual crops require over the same period. Potential partners include Mendel, Ceres, John Deere, Chevron, BP and Memphis BioWorks. In addition, there are a wide variety of oilseeds currently being considered for a number of uses, including food, fuel, personal care/cosmetic products, plastics, paints/varnishes, linoleum, slip agents, release coatings, lubricants and hydraulic fluids. The resulting hulls and press cake can be used for bedding, fertilizers and animal feed. Potential partners include TechnologyCrops International, Sustainable Oils, FBA Consulting and Monsanto.

Examples of industry and university collaborations include:

- Iowa State University – partnering with DuPont to create new Century Farm ($1 million)
- University of California-Berkeley and University of Illinois-Urbana/Champaign - partnering with BP to explore energy production ($500 million)
- University of Tennessee – partnering with Genera Energy and DuPont-Danisco on an innovative cellulosic ethanol plant ($50+ million)
- University of Colorado and Colorado State University (Center for Biorefining and Biofuels) – partnering with ConocoPhillips on new ways to convert biomass into low-carbon biofuels ($5 million)

A question was asked whether Murray State has byproducts that would be suitable for other uses after fuel production and Ms. Spain indicated that she did not know of any such byproducts but the focus is on cellulosic ethanol production. Research has been done on sweet sorghum and biomass sorghum has been discussed but with sweet sorghum the stalks would be crushed for the sugar that would be produced into ethanol and that byproduct could be used in feed lots, mixed with silage and for bedding and a lot of these crops have two end uses. A question was asked whether the genetics of these plants is being changed and Ms. Spain indicated she does not believe that BioDimensions is changing the genetics although quite a bit of work has been done with hybrids.

Ms. Spain reported that BioDimensions is a for-profit company which partners with Memphis BioWorks Foundation (a non-profit organization) with a focus on biomedical developments. Agriculture is changing which can have an effect on not just the medical field but everything else

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and as a result an AgBioworks program has been developed. BioDimensions has partnered with BioWorks to evaluate poor states and determine what new crops could be introduced into those regions, taking into consideration processing facilities and the infrastructure that is already in place to lay out a plan for a particular region to move forward in this area in an effort to incorporate new technology and resulting in increased jobs and opportunities. There is also a "25 Farmers Network" which is a program (with funding from the Tennessee Department of Agriculture) that has been implemented in the 21 West Tennessee counties where 25 farmers are selected to grow five acres of an alternative crop. These farmers are guaranteed a certain amount per acre to mitigate their risks in an effort to bring these new crops to an area and collect yield and other information. Sample crops include sunflower, grapeseed, switchgrass and sweet sorghum and farmers are allowed to choose the crop they would be interested in growing.

Mr. Stahler asked whether existing grain ethanol plants can be converted to cellulosic facilities with some kind of modification and without losing the infrastructure. Ms. Spain reported that for the cellulosic ethanol (miscanthus, switchgrass and biomass sorghum) the University of Tennessee-Knoxville built a plant to produce some type of cellulosic ethanol. Dr. Northington reported cellulosic materials (corn cobs and stalks) can be used but there is a limit to how much biomass can be removed from the ground before the benefit of soil enrichment is lost but there are other things that would lend themselves to cellulosic ethanol production. Dr. Brannon reported grain-based and cellulosic-based processes do not involve the same technologies and therefore require two different types of facilities and equipment.

Ms. Hays requested specific information on opportunities for Murray State with regard to this initiative. Ms. Spain indicated that new crops are being developed and with Murray State's experience with switchgrass and biomass crops, and with the Mendel stepping up and BP putting money into the program, this could represent the first step toward the farm of the future. Utilizing 22 acres to grow this new crop would involve students in research projects and a new energy farm would be a way to attract new students by incorporating new technology into the traditional farm setting. Dr. Brannon stated the Mendel Company was presented as a case study but there have been numerous other companies that have indicated an interest in forming a partnership. Companies are moving toward becoming more involved in these projects and are no longer content to simply provide funding. Many of these new crops grow better on marginal land and companies such as Wheat Tech are conducting their own wheat yield research and are looking for partnership opportunities where there is the availability of a variety of land in different locations throughout the state.

Update on Project Costs

As requested at the last meeting, Mr. Oatman provided an update on project costs for renovation of the Carman Pavilion Animal Health Technology (AHT) Building which will require $170,000 to complete the lab classroom, including all finishes, casework and ITV capability; $170,000 to complete the large animal area, including rubber flooring, casework that was left out of the initial plan, HVAC upgrade (heating, air and ventilation system not in the original plan) and holding pins; and $16,000 to complete classroom technology, including demonstration area cameras and monitors. A copy of the 2008-14 Capital Plan request to complete renovation of the Carman Pavilion in the amount of $655,000 was also distributed and that figure has been revised due to an update on equipment and furnishing needs for a total revised cost of completing the renovation of approximately $450,000.

The Task Force found it particularly compelling that during a recent visit from the AHT Accreditation Team they outlined the importance of completing this project in order to maintain program accreditation and for this reason it has been ranked as the number one priority by the Task Force. If the University loses certification students will go elsewhere and completing the facility at the revised estimate would enhance the overall classroom experience and attract even more students into the program. If the AHT program were to lose certification out-of-state students currently enrolled in the program would leave the University and enroll in an accredited program at another institution. In order for students to receive their license they must graduate with a degree from an accredited institution and without the licensing capability the desirability for companies to hire Murray State graduates would be completely lost within a couple of years. The Task Force must also consider how many additional students could be served as a result of renovating the facility and the economic impact it could have for the area. Enrollment in the MSU School of Agriculture is already significantly greater than at other institutions but without

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the Equine and Animal Health Technology programs this would not be the case. The University of Tennessee-Martin has attempted to start an AHT program for years and has now started a mobile veterinary diagnostic service in an attempt to compete with Murray State. The Provost at Hopkinsville Community College has also expressed interest in starting a two-year AHT program in that community which illustrates there is demand and room for MSU to expand even further. It makes sense from a space utilization standpoint to complete the renovation of this facility because the superstructure and infrastructure are already in place and the work could most likely be completed during one semester or the summer.

The Task Force prioritized the elements for completion at the Carman Pavilion as follows:

1) Lab Classroom
2) Large Animal Area
3) Classroom Technology

Dr. Brannon stated that in essence the accreditation team placed the Murray State AHT program on probation and indicated there are critical issues that must immediately be addressed and completing these projects would accommodate those needs. Most likely the accreditation team let the University "slip by" on this accreditation visit due to the overall strength of the AHT program but it is not likely that will happen again. Mr. Denton asked if completing renovation to any one area would satisfy accreditation standards and Dr. Brannon stated completion of the lab classroom and large animal area would meet those needs but the classroom technology would enhance instruction in that area and one of the main recommendations of the accreditation team was to finish renovating the entire facility.

Mr. Oatman provided a drawing for the proposed new MSU Horse Barn at the West Farm Complex at a cost estimate of $750,000 which includes 38 stalls with a connector to the existing Equine Facility. This facility does have a lot of frills, including the cupola, in an attempt to match other facilities at this location but it does not include drainage or restrooms. The estimate might seem high but he does not feel comfortable advancing anything less than this amount for the square footage being considered. The capital projects threshold is $600,000 and ways to reduce the original cost could be reviewed, including reducing the size of the building and the number of stalls or phasing the project. The new facility would be strictly for University use.

A picture of the current Equine Barn was distributed and it was reported there are currently 27 stalls in this facility but structural modifications are required, including a new metal roof, metal siding, structure repairs and electrical upgrades at an estimated cost of $140,000. Discussion has taken place around building the new barn and utilizing the old one as a location where students can board their horses. Students are currently boarding their horses in the University barn across the road but utilizing the Equine Barn would provide an even larger number of stalls for this purpose. Each year 15 to 20 students are turned away from bringing their horse to campus due to an insufficient number of stalls. Students currently pay $400 per semester to board their horses and although that fee will increase soon it is at the breakeven point right now due to an increase in the cost of shavings. The Task Force questioned whether it would be acceptable to house horses in this facility without the $140,000 renovations and Ms. Harned stated from a student standpoint if she had to pay the same fee to board a horse in this barn as a student housing their horse across the road where the stalls are new and clean, she would not be satisfied. It was asked if students were able to house their horses at this facility for $100 less per month if that would be acceptable and Ms. Harned indicated if that is the route the University chooses to take they must make sure students are aware of where their horses will be housed up front and not be fooled into thinking it will be in the nicer facility across the road.

In response to a question regarding the lifespan of the current facility, Mr. Oatman reported that the current building would continue to deteriorate and if left untouched would last only another five to seven years before major problems cause the facility to be uninhabitable. If renovations are made to the building the life expectancy for the facility increases to 20 to 25 additional years. Mr. Oatman further indicated there is money set aside in the Equine Trust Fund to be used for this purpose and Dr. Brannon stated a determination needs to be made whether to build with the money the School of Agriculture currently has available or wait until additional money is identified. The Task Force agreed to discuss this project in further detail at their meeting on January 27. There has been $155,000 in the Equine Trust Fund for three to four years and when the additional $170,000 commitment comes to the University it must be able to show some

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progress toward utilizing this funding. An additional $140,000 has also been encumbered from one of the annual appropriations. Mr. Oatman reported the building could be designed so there could be additions at a later date but that increases the cost of the project. A question was asked why the ceiling needed to be so high and Mr. Oatman responded that was so it matched the existing buildings and lowering the pitch would decrease the project cost by around $25,000.

Update on Financing Options/Trade Options and Land Deeds

Mr. Denton reported several financing options for the purchase of an additional farm were discussed at the last meeting and the Task Force asked for clarification regarding a lease arrangement where the Foundation would purchase the property and the University would pay a return (lease agreement). He discussed several options with John Rall, University Attorney, including:

- If there is a lease situation and the lease is greater than $250,000 then it is considered a capital project and must have legislative approval in the biennial budget and the project must also go before the Capital Projects and Bond Oversight Committee (CPBOC).
- If the property is leased at fair market value then competitive bidding statutes would apply and although there may be particular things the University would be looking for that would narrow down the statute requirement, the University would still have to go through the approval process outlined above. If there is a lease at a nominal value ($1 per year) there is more flexibility and the University would not have to go through the bidding process.
- If there is a lease-purchase situation where the University is leasing the property over a number of years and at the end of that period purchases the property for $1, then that is another situation that must be presented to the CPBOC.
- If the Foundation is leasing the property to the University, the University decides to make lease holder improvements (and is paying a fair market value for the property) and improvements exceed $1,000 then the Foundation must make that improvement and charge an extra amount in addition to the lease amount over the life of the lease (or asset). If the improvement is less than $1,000 the University can make the improvement directly. There are ways to lease property but it involves other state entities in getting such lease arrangements approved.
- If the Foundation owns property and sells it to the University (cash purchase paid at one time) then the first question would be whether the purchase is in the Campus Master Plan. If not, then it would require approval from the Finance Secretary, regardless of price.
- If the project is either in the Campus Master Plan or the University receives approval from the Finance Secretary, the question then becomes whether the cost exceeds $600,000 and if it does General Assembly approval is required.
- Whether the purchase from the Foundation can be made on a timely basis was also considered and Mr. Rall could find no provision in state statute that allows a principal and interest type financing arrangement to buy property – but there are certain types of bonds that can be issued with most being long-term, high dollar arrangements.
- To enter into any of these arrangements approval from the Finance Secretary is required. If the University involves the Foundation in the process it would need to purchase the property with cash from the Foundation or have a lease arrangement in place which complicates the process.

Mr. Hargrove asked if there is a reason why the Foundation must be involved in the purchase of the property and whether the University can purchase the property directly. Mr. Denton indicated the University, with General Assembly and Finance Secretary approval, can purchase property directly but still must go through both of those processes. Mr. Hargrove asked if the reason for involving the Foundation is they could purchase the property immediately and give the University time to get those approvals and Mr. Denton stated that has been one reason to go through the Foundation in the past, especially if the property was only going to be on the market for a certain number of days and the University needed time to secure the appropriate approvals.

Mr. Hargrove asked if the University was required to follow these same procedures to make improvements on the Pullen Farm and Mr. Denton stated in the future that will be reviewed more closely because the University leases the property from the Foundation for $1 per year (nominal value). The benefit the University is currently receiving is on par with the cost of improvements being made on the property. If the University was renting the farm at fair market value the Foundation would need to make any improvements and then charge the University for such improvements (spread out over the length of the lease). Improvements that have already been made by the University at the Pullen Farm are reaching the point where their significance must be reviewed, especially if the University invests additional funding in the property.

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Mr. Denton stated the Campus Master Plan must be approved by the Finance Secretary but capital projects must be approved by the General Assembly. The purchase of a new farm is on the biennial budget request which goes before the General Assembly but it is not on the Campus Master Plan. Mr. Oatman reported that the Campus Master Plan lays out detailed areas of property acquisition and if the property location has not yet been identified it cannot be added to the plan. Once the property and funding have been identified the purchase goes before the Finance Secretary for approval. Dr. Brannon asked if the University would have had to follow this process if it received legislative money specifically to be used for this purpose and Mr. Denton indicated that to be correct.

Mr. Denton reported once the University has state authorization from the General Assembly, a source of funds has been identified and the Board of Regents has approved the project, adding it to the Campus Master Plan is a fairly routine process. Obtaining General Assembly approval is the most difficult step because there is only a window every two years and the project must be approved by both houses and the Governor. The only way a project will be approved by the CPBOC (during the interim period between the General Assembly) is if there is third party funding involved (federal funds or private funds). If a project appears on the Capital Projects list the maximum allowable scope increase is 15 percent and the University would need to identify a source of funds and receive CPBOC approval to increase the scope of the project before proceeding.

Mr. Clark asked if a farm is identified for purchase what steps the Task Force would need to follow and the time period necessary to complete the process. Mr. Denton stated the first step is to have the land purchase on the Biennial Budget Request. In even years when the General Assembly meets (January 2010) and when capital projects will be considered, the Task Force would need to ensure the project is on the University's Six-Year Capital Plan. From that list certain high priority items are advanced to the state Biennial Budget Request. These items can have different sources of funding but the University must identify to the state what those sources of funding are. The key is that the project is authorized for the state budget and before it reaches that point the Board of Regents must approve the project. Once a source of funds is identified the University can start the purchase process and from that point it is fairly routine procedure to receive approval from the Finance Secretary. All agreed if funding is not coming from the state they do not understand the requirement that the University go through this approval process.

It was suggested that Dr. Tim Miller, Director of the MSU Foundation, address the Task Force to indicate whether the Foundation has any interest in helping with the farm purchase project. Ms. Hays reported Mrs. Buchanon met with Dr. Miller on December 8 and presented the following summary of the meeting:

- Questions were too vague and no property had been identified and there is no cost or payback format attached to the inquiry.
- Foundation funds are down $15 million and they are currently only funding scholarships due to changes in the economy and stock market.
- Mrs. Buchanon relayed to Dr. Miller that the Agriculture Task Force had held its first meeting and she and Ms. Hays were asked to meet with him to determine the possibility of the Foundation purchasing a farm. Dr. Miller outlined the reasons the purchase did not happen a few years back, including that property identified increased in price and the family was asking much more than the appraised value and the Foundation needed a fairly quick return on this type of advance. He indicated he would be glad to meet with the Task Force but felt it would be of no use given the current situation of the Foundation and advised as follows:
  - Value of the Foundation holdings are down $15 million
  - No cash flow to speak of
  - Foundation is funding scholarships with reserve money
  - Main objective of the Foundation is to earn money on investments to fund scholarships
  - To ask the Foundation to fund these types of requests right now would be somewhat unfair because they would also be asked to support other University needs
  - Foundation must have a relatively quick payback period
  - Task Force should ask state and federal governments to be inclusive of the BVC in their funding decisions and the School of Agriculture should continue to raise money to support this initiative.

Dr. Brannon indicated a lot of time has been spent debating the Foundation but the message is very clear they do not want to be involved and it is well documented that this was not the message received before. The Foundation at one point was willing to purchase a farm but it is

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obvious the conditions have changed. Mr. Denton indicated part of the complexity is official process but the Foundation is also trying not to lose the earning capacity of their money for scholarships. If they are lending money for this purpose they want some sort of return and Dr. Brannon stated it was clear the Foundation required a 5 percent return all along because that would be greater than some of the current investments and was factored into the earlier plan.

Update on Farm Comparisons with Other Universities – Dr. Tony Brannon

Dr. Brannon gave a PowerPoint presentation with the following highlights for the School of Agriculture:

- Points of Pride
  - Alumnus Jay Akridge named Dean of Agriculture at Purdue University
  - Alumnus Jeffrey Armstrong named Dean of Agriculture at Michigan State University
  - Alumnae Hillary Spain recognized by the MSU Agriculture Alumni Association as the Outstanding Young Agriculture Alumnus for 2008
  - Family of John Tabor Sr. and Marlene Tabor recognized by Kentucky Farm Bureau because four children have or will soon complete Murray State's pre-vet and AHT program.
- Constraints/Problems/Needs
  - Urban Sprawl
  - Manure Handling
  - Green Space for Animals/Equine
  - Expanded Crop Research
  - Expanded Specialized Agriculture
  - Pasture/Hay Production
  - Joint Projects with Industry/Educational Institutions
  - Carman Pavilion Phase II
  - EXPO Stall Barn
  - Livestock Instructional Laboratory
  - Timing

Dr. Brannon was asked at the last Task Force meeting to provide an update on maximum use of the present farm, background data on competing universities and a hypothetical presentation on a new farm and presented the following:

- 2008 satellite imagery showing Murray, Kentucky, and illustrating the problem of urban sprawl and also imagery of each of the University farms
- The School of Agriculture has approximately 400 acres including the farms, EXPO Center, Carman Pavilion and the buildings and greenhouses. A total of 321 acres are used for educational purposes at the West Farm (237.9 acres), North Farm (52 acres) and Pullen Farm (31.2 acres).
- Twenty acres at the Pullen Farm are used for crops and Mendel Corporation has requested the use of 22 acres for research opportunities which this farm will be unable to accommodate.
- With respect to the West Farm voiding of the dairy was one of the most important decisions made from the standpoint of available land, not from the standpoint of education of students. Dairy ties up every available inch of land and at that time there were no farm crops on this property.
- An update on the North Farm prepared by Dr. Jim Davis was distributed and although this is one of the least used farms in terms of student education, there are other activities taking place, including cow/calf and stocker calf research, two thesis research projects conducted annually and grazing management research. This farm is strictly a working research farm used occasionally for class demonstration of cattle working techniques, data collection and cattle processing. Teaching activities are limited on the North Farm due to the absence of restroom facilities.

Dr. Brannon was also asked to present a comparison of Murray State farms against competing institutions and distributed a chart listing the total number of acres at each institution. MSU has 392 acres and 675 students for an average of 0.58 acres per student and is the institution with the lowest acreage per student. Tennessee Tech is the highest with 2,413 acres for 440 students (5.48 acres per student), followed by Eastern Kentucky University with 720 acres and 183 students (3.93 acres per student) and the University of Kentucky with 6,971 acres and 2,171 students (3.21 acres per student). Morehead State University is acquiring an additional 280 acres which will bring them to 600 total acres with 243 students (2.47 acres per student). Mr. Oatman questioned whether the acres being reported for the other universities are comparable to the 392 tillable acres for Murray State and Dr. Brannon indicated he is unsure because data was gathered from websites and personal responses and what is considered to be usable acreage differs from one university to the next.

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Dr. Brannon stated with regard to the MSU model farm actual farm usage will be dependent on location, size, soil type and topography of the farm identified and the model farm that is being reviewed is for presentation purposes only. The School of Agriculture received information regarding a 308-acre row crop farm (that is not for sale). A sample budget with 150 acres of corn for possible net revenue of $63,497.54 and 150 acres of soybeans for possible net revenue of $57,140.62 was compiled utilizing Ag Connection prices with a 165 yield (assuming market values). More land means more potential income for the School of Agriculture and total revenue in this scenario (less insurance, equipment, labor and repairs) could amount to over $120,000. Dr. Brannon clarified that this scenario applies to Murray State using the farm to strictly grow crops and not leasing the land to someone else and the property would not be used for research projects or livestock. Mr. Adams stated his understanding is this is not the plan for a potential new farm given discussion that has occurred to this point. Dr. Brannon agreed that is not the plan for the long term but when a research company uses University land the institution has to pay very little (if anything) for seed and fertilizer and the School of Agriculture receives any income from the crops. Students benefit from working with the company and an actual crop. Mr. Adams indicated he understands that but the model being presented has a revenue producing stream which is not totally going to be the case.

Update on New Farm Project and Potential Scope and Payment Options

Dr. Brannon stated that justification for expanded acreage includes:

- **Expanded Crop Opportunities**
  - New Crop Opportunities (BioDimension) - Mendel has requested the use of 22 acres but the University currently does not have that much acreage available. Mr. Oatman questioned why so much land is required for these trials and Dr. Brannon explained that in research they start with plot work, duplicated crop work where there are significant differences between the plots with regard to treatments used, etc. The next stage is field trials and the crop may work in plots but may not work in large scale demonstrations. Most every company will conduct field trials (tobacco trials are an example) that produce a significant amount of money each year. The tobacco variety that was tested at Murray State did not exist four years ago but is now the second most used variety of tobacco in Calloway County and has contributed significantly to the economic development of the area. This trial could not have been done in a greenhouse in Lexington and the company had to bring the crop to Murray and grow it in a five-acre plot to see how well it produced. The company also did some on-farm trials with regular farmers but these types of companies are very hesitant to use an individual farmer because there is no control and anytime they can associate with a University they most likely will choose to do so. Mr. Oatman asked if the reason why these trials cannot be done on a 10-acre plot as opposed to a 50-acre plot is because the research looks at different growing stages for the crops. Dr. Brannon stated the field trials are done on a larger scale so that it reflects a real world situation and can include factors like soil type, irrigation and drainage. No farmer will bet his future on two or three-acre test plots and will want to see the crop being grown in real world situations such as through University farm demonstrations and this also supplements teaching and instruction.
  - Expanded Field Trials (BASF, Garst, UK)
  - New Research Opportunities (Alltech, WheatTec)
  - Green/Organic/Ecosystem Production System
  - Manure Disposal – Economic issue, especially during the winter
- **Expanded Livestock Opportunities**
  - Forage Field Trials
  - Multi-species Grazing
  - Backgrounding and Finishing
    - To maintain 40-50 cows, 100-300 stockers – would benefit AHT program
  - Limited Mares/Yearlings

Dr. Brannon stated the possibility of purchasing an additional farm has been reviewed before and in discussions with Ms. Hays he indicated it is time for the University to make the decision and commit to such a purchase. One thing that has not been considered is the possibility of someone donating land for this purpose. Task Force members agreed that benefits to the University of purchasing an additional farm would include:

- Murray State is deficient in terms of other universities with regard to the amount of farm land that is available for research and instruction.
- More change will likely take place over the next five years than occurred in the last 15 years and the University must decide whether to be in the game and should realize that students will go where the opportunities are.

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- Murray State must maintain a reputation of being a research university so these companies will want to continue to form relationships with the University and students which may present future job opportunities.
- The University of Kentucky used to be the research university but now wants to work with the regional universities in these collaborative efforts and all MSU has to do is reciprocate by having enough land to grow the type of crops being discussed.
- The purchase of an additional farm could be a good selling point for the University if advertised correctly. It would help increase overall University enrollment which recently has come mainly from an increase in enrollment in the School of Agriculture.
- Increased number of students in the School of Agriculture could help the University meet the Council on Postsecondary Education mandate of doubling the number of degree holders by the year 2020, regional stewardship requirements and economic development needs of the region.

Dr. Morgan presented a concept listing for implementation and financing the top three priorities identified by the Agriculture Task Force, including the Carman Pavilion Laboratory Phase II completion, purchasing an additional farm and the proposed new University Horse Barn/Equine Facility. All three priorities would help meet the educational needs of current and future students and the School of Agriculture is interested in paying its fair share and would make good use of public monies and resources. Information on farm laboratory disposal and purchase/trade of forage surplus and pasture surplus property was discussed and a key factor in the disposition of farm property included appraised value versus market adjusted value. Three models were presented regarding funding the purchase of a new farm and purchasing models varied according to the number of acres purchased and the price per acre, assumed revenue from disposal of another property, life of the loan and whether the model included a student farm and facility fee of $35,000 per year that the Agriculture students have agreed to contribute.

A timeline for a farm transition was provided by Dr. Morgan as follows:

- During the February 6, 2009, quarterly Board of Regents meeting Task Force Chair Peg Hays will present a report on the work of this group and hopefully receive Board approval to proceed with suggested recommendations.
- The University enters the budget making process in February, early March, and a request could be made for the addition of $1.5 million in University funds (placed in a line item in the 2009-10 University budget) for the School of Agriculture so that the farm acquisition process can begin.
- The Board meets in late May for approval of the budget that would then become effective July 1. After the Board meets (and if approved) University administrators could presumably begin the transition process, including working with state agencies and oversight committees.
- In early fall identification of a new farm could take place and/or at the proper time liquidation of the two tracts identified earlier.
- Some form of transition would take place in early 2010, assuming approval to proceed with the project from the state agencies and oversight committees.

Dr. Morgan stated the most important part of this process is to receive Board of Regents approval and it is fortunate that four Board members serve on the Agriculture Task Force. Although $1.5 million is a lot of money, the School of Agriculture is not asking for a handout and he knows a lot more money has been spent on other projects at Murray State that the University has not been reimbursed for. Alumni and others should be involved in the process as well in order to bring the project to fruition.

Dr. Morgan indicated in response to a question from Mr. Adams, looking at the Murray Country Club property (acreage along Johnny Robertson Road), there are approximately 13.8 acres (less two acres for utilities, waterways and driveways) which reduces the acreage to 11.8 acres that could be turned into subdivision property. Rounding off to 11 acres and selling off two-acre tracts, five to six homes (Briarcrest type homes valued at $200,000 or more each) could fit on that property and would have a city property tax value of $1,800 with a return of $9,000 to $10,000 to the city tax roles. The subdivision property between Murray State's Crossfield and Briarcrest which is approximately 15.46 acres (less three acres for utilities easements, etc.) amounts to 12.46 developable acres. Rounding off to 12 acres divided by one-third acre lots would amount to about 32 lots/homes (up to 35 possible) and with each home valued at $200,000 or more with a property tax value of $1,800 per residence/property that would return about $57,000 to the city tax roles. In all there would be approximately $67,000 to $70,000 put back on the city tax role if both of those subdivisions were fully developed over time and this would be a way of making good use of the resources of the School of Agriculture by trading some of

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the higher value land for something that is more usable for educational purposes. Naming opportunities may also exist and should be considered and pursued.

Task Force Work Plan and Timeline

Task Force members will be provided with a draft of the report to be presented to the Board of Regents at the January 27, 2009, meeting for discussion and review and agreed to the project priority ranking as follows:

1) Completion of Carman Pavilion Renovation – Phase II
2) Farm Purchase
3) Equine Facility

With regard to the Equine Facility, the group must also decide whether to build what is possible with funding that already exists or whether it would be best to wait until additional monies can be secured. Dr. Brannon cautioned the group to not get caught up in the Equine Facility situation because it is not desirable to get into a situation where it is necessary to go through the approval process to spend money the School of Agriculture already has that cannot be used for any other purpose.

Ms. Hays stated it will be important to provide the Board of Regents with statistical information regarding enrollment in the School of Agriculture to substantiate the priority listing.
Ms. Hays, Dr. Brannon and Dr. Morgan agreed to condense the enormous volume of information the Task Force has received and reviewed and develop a draft of the report for the Task Force to review which will be finalized and presented to the Board of Regents during their February 6 quarterly meeting. All agreed important points to be included in the presentation are:

- Emphasizing importance of continuing AHT accreditation and improving laboratory space
- Increasing enrollment at the University as a result of increasing enrollment that has come from the School of Agriculture
- Acquiring more land to support research opportunities and further partnerships with companies wanting to conduct such research
- Requesting a loan from the University to fund the purchase of an additional farm, which includes selection of a particular payback model
- Researching whether a donor can be identified to assist in this endeavor
- Pointing out the disparity between MSU and other universities in regard to the number of acreage available per student
- Emphasizing potential lost research opportunities due to insufficient available acreage
- Exploring potential of leasing additional property if purchase is not feasible
- Adequately conveying the willingness of students in the School of Agriculture to contribute their own money to participate in this plan to ensure the longevity of the School of Agriculture

Adjournment

The Agriculture Task Force meeting adjourned at 9:25 p.m.

Minutes approved at the February 17, 2009, Agriculture Task Force meeting.

Chair, AGR Task Force

Secretary, Board of Regents

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