

Congress of the United States

Washington, DC 20515

October 25, 2024

The Honorable Tom Vilsack
Secretary
U.S. Department of Agriculture
1400 Independence Avenue S.W.
Washington, DC 20250

Dear Secretary Vilsack:

We are writing today with deep concern regarding the U.S. Department of Agriculture's (USDA) distribution and oversight of grants and loans intended to help meat and poultry processors start or expand processing capacity.

On September 20, 2024, Pure Prairie Poultry, a Minnesota-based company, filed for Chapter 11 bankruptcy. Consequently, the company's plant in Charles City, Iowa, ceased operations on October 2. In addition to laying off dozens of employees, this resulted in up to 50 farmers and more than 2 million chickens throughout Minnesota, Iowa, and Wisconsin being left without feed or any processing option.

In 2022, Pure Prairie Poultry was awarded a guaranteed loan of \$38.7 million from USDA Rural Development's Food Supply Chain Guaranteed Loan Program (FSCGLP) and a grant of \$6.9 million from USDA Rural Development's Meat and Poultry Processing Expansion Program (MPPEP). According to Pure Prairie Poultry's bankruptcy court filings from the week of September 22, the company reported liabilities between \$100 million and \$500 million, with \$50 million to \$100 million in assets. Additionally, the company projected a negative cash flow of \$1.8 million per week over the following six weeks. Further, it is our understanding that growers and feed mills affiliated with Pure Prairie Poultry have not been paid for months. Given this fact pattern, we remain deeply concerned about the lack of oversight USDA has provided in this case.

Over the past two years, USDA has provided \$223 million in loan guarantees and grants to 30 meat and poultry processing companies. A press release from the USDA celebrated this funding as part of the Biden-Harris Administration's "commitment to strengthen critical food supply chain infrastructure to create more thriving communities for the American people." Unfortunately, the investment in this case instead ended in the loss of income, jobs, and poultry across three states.

While we share USDA's desired goals of expanding meat processing capacity and markets and building a robust national food supply chain, it is critical that livestock producers and poultry

growers have resilient systems to ensure the production of healthy and affordable protein for both domestic and global consumption. Moreover, American taxpayers deserve the peace of mind that their dollars are being spent wisely. Due to the concerns raised by Pure Prairie Poultry's bankruptcy and the resulting impacts on farmers and poultry flocks, we respectfully request the Department's response to the following questions by November 8, 2024:

1. On what date did the USDA receive notice from Pure Prairie Poultry's lender regarding the company's default on its loan obligations and its inability to continue providing feed and processing for birds under its ownership? Additionally, please provide the statutory and/or regulatory requirements that obligate the lender to timely notify the Department of a defaulting entity utilizing the Department's programs and funds.
2. What metrics did the USDA utilize to approve Pure Prairie Poultry with over \$45 million in taxpayer funds? Please provide details on the scoring criteria and metrics used for MPPEP along with information about the USDA's approval process for the loan guarantee under the FSCGLP and financial institutions' ability to service the loans.
3. What, if any, consideration does USDA give to previous bankruptcy filings when awarding loans and/or grants? Was USDA aware of the previous closures that took place at the location of the Charles City, Iowa processing facility?
4. Did the USDA have any indications at the time of Pure Prairie Poultry's approval for both the loan guarantee and grant that the company would face financial peril less than 24 months after the awards were announced? What steps did the USDA take to salvage the plant in Charles City, Iowa?
5. What steps did the USDA take in the immediate aftermath of the plant closure to assist the relevant stakeholders, including growers and state departments of agriculture, in the care, processing, and depopulation of affected birds? What additional steps does the USDA plan to take to assist affected producers?
6. What are the USDA's current oversight mechanisms for grants and loan guarantees to ensure taxpayer dollars are not being wasted? Additionally, what oversight actions were taken by USDA in the case of Pure Prairie Poultry?
7. What steps will the USDA take moving forward to ensure proper guardrails are in place to prevent similar outcomes for both the current recipients of the FSCGLP and MPPEP loans and grants, as well as similar funding opportunities in the future?
8. Have any additional lenders notified the USDA of potential defaults within the loan portfolio for the FSCGLP? Is the USDA aware of any other potential cases of default

based on its own analysis? Have any prior defaults occurred, not including Pure Prairie Poultry?

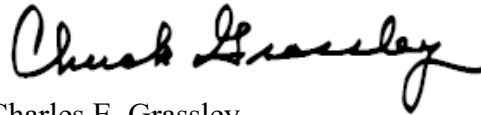
9. Does the USDA maintain a preferred lender list for programs under the Rural Development Mission Areas? If so, please provide a copy.
10. Is the USDA aware of any other projects financed by the lender(s) of Pure Prairie Poultry through the FSCGLP? If so, please provide details on those projects.

Thank you for your prompt attention to this matter.

Sincerely,



Brad Finstad
Member of Congress



Charles E. Grassley
United States Senator



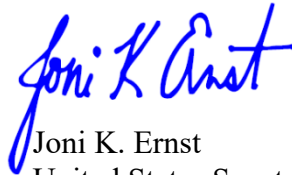
Glenn "GT" Thompson
Chairman
House Committee on Agriculture



John Boozman
Ranking Member
Senate Committee on Agriculture, Nutrition,
and Forestry



Randy Feenstra
Member of Congress



Joni K. Ernst
United States Senator



Derrick Van Orden
Member of Congress



Ashley Hinson
Member of Congress



Michelle Fischbach
Member of Congress

cc: The Honorable Phyllis K. Fong, Inspector General, U.S. Department of Agriculture