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Executive Council of Iowa

CAPITOL BUILDING
DES MOINES, IOWA 50319
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May 5, 2025

Accounting Department
Office of the Treasurer
Lucas State Office Building
321 E 12th St., Des Moines, IA 50319
L O C A L

Re: Approval of Iowa Code § 7D.10A Expenses

The Executive Council, in a meeting held this date, approved your request for payment pursuant to Iowa Code § 7D.10A for payment of expenses incurred for a portion of the costs incurred as part of the agency's care, maintenance and disposition of livestock in the matter of State of Iowa, ex rel., Iowa Department of Agriculture and Land Stewardship v. Pure Prairie Poultry, Inc., Sioux County District Court, No. EQCV031218, in the amount of \$229,961.16.

EXECUTIVE COUNCIL OF IOWA

Kristi Onstot

Kristi Onstot
Executive Secretary

cc: Accounting, State Treasurer's Office

April 23, 2025

Kristi Onstot
Executive Secretary
Executive Council
State Capitol

Re: Payment of Costs – Livestock Rescue Pure Prairie Poultry

Dear Ms. Onstot:

The Iowa Department of Land Stewardship (IDALS) respectfully requests the Executive Council to authorize payment to the IDALS pursuant to Iowa Code section 7D.10A for a portion of the costs incurred as part of the agency's care, maintenance and disposition of livestock in the matter of *State of Iowa, ex rel., Iowa Department of Agriculture and Land Stewardship v. Pure Prairie Poultry, Inc.*, Sioux County District Court, No. EQCV031218. The amount requested is \$229,961.16.

In *Pure Prairie Poultry*, IDALS obtained court approval to take over the care and maintenance of approximately 1.3 million broiler chickens when Pure Prairie Poultry could not afford to pay for feed and care of the chickens that it owned. The chickens were located at 13 different sites where Pure Prairie Poultry had contracted with local growers to provide care and maintenance for the chickens. When IDALS was unable to obtain an offer to purchase the chickens, IDALS was forced to depopulate all the chickens after receiving court approval.

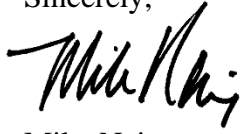
Attached is a Final Report that IDALS filed in *Pure Prairie Poultry*, setting forth all the costs IDALS incurred as part of the care, maintenance and depopulation of the chickens. The total amount is: \$2,310,443.98.

While IDALS will seek recovery for its costs from Pure Prairie Poultry, such recovery may be difficult and will be substantially delayed. Pure Prairie Poultry has been placed into a receivership-type proceeding in Minnesota district court, but this proceeding has been paused after other creditors filed an involuntary bankruptcy petition in the Northern District of Iowa.

Pursuant to Iowa Code section 717.4A, IDALS has used monies from the Livestock Remediation Fund to pay for the costs, depleting the entire amount in the Fund (\$2,080,482.82), leaving a shortfall of \$229,961.16.

We appreciate your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Naig". The signature is fluid and cursive, with the first name "Mike" and last name "Naig" clearly distinguishable.

Mike Naig
Iowa Secretary of Agriculture

IN THE IOWA DISTRICT COURT FOR SIOUX COUNTY

STATE OF IOWA, ex rel. IOWA
DEPARTMENT OF AGRICULTURE AND
LAND STEWARDSHIP,

Plaintiff,

v.

PURE PRAIRIE POULTRY, INC.,

Defendant.

LAW NO. EQCV031218

FINAL REPORT

INTRODUCTION

1. On October 2, 2024, the State filed an Emergency Petition for the Provision of Sustenance, Maintenance, and Disposition of Livestock in Immediate Need of Sustenance and an emergency motion for an ex parte order allowing it to do so. The petition and motion concerned livestock owned by Defendant Pure Prairie Poultry, Inc. (“PPP”), and located at the following contract grower sites:

Site Name Provided	Site Contact	Address of Barn
Aqua Ag Partners LLC	Nick Plagge	2245 Heather Ave, Latimer, IA 50452
Richland Investments	Jay Plagge	2245 Heather Ave, Latimer, IA 50452
BKT Poultry Inc	Tyler Kroeze	3366 Jefferson Ave, Boyden, IA 51234
Dan Byl	Dan Byl	2652 440th St, Maurice, IA 51036
Eduardo & Adriana Garcia	Eddie Garcia	3312 Jay Ave, Boyden, IA 51234
Ibex Broilers, Inc	Dan Byl	4248 Ibex Ave, Orange City, IA 51041
Jason Farrow	Jason Farrow	4906 140th Ave, Ledyard, IA 50556
Jim Stoutjesdyk	Jim Stoutjesdyk	2830 450th St, Maurice, IA 51036
Myron and Lois Klarenbeek Revocable Trust	Jerry Zwart	2979 Cherry Ave, Rock Valley, IA 51247
Pleasant Valley Poultry LLC	Dallas Wessels	12484 K Ave., Parkersburg, IA 50665
Pops Poultry Farm LLC	Tom Poppens	15504 120th St., Aplington, IA 50604
S&C Organic Farms Site 1	Stacy Bushman	2751 160th St., Atkinson, IA 52144
Tri-B Farms	Brent Tripp	710 100th St., Dows, IA 50071

2. That day, the Court issued an order granting temporary relief to the State until a separate hearing could occur on the State's Petition. It found that the livestock were in immediate need of sustenance; permitted the State to assume supervision of them and provide for, or appoint a qualified person to provide for, their sustenance; and attached an agricultural lien to the livestock, identifiable proceeds from the disposition of the livestock and products from the livestock in their unmanufactured state, for the State's benefit for the expenses incurred to provide that sustenance and dispose of the livestock.

3. Also that day, PPP announced it was closing its processing plant in Charles City, Iowa, and laying off 80 employees. *See* <https://www.charlescitypress.com/front/2024/10/05/pure-prairie-poultry-chicken-processing-plant-in-charles-city-has-closed/>.

4. After the Court's Order, IDALS began to immediately make arrangements to care for the livestock and began attempting to develop a plan for the disposition of the poultry, including potentially marketing or selling the chickens or depopulating the sites.

5. On October 8, the State filed an Interim Report and Plan for Disposition ("Interim Report") in advance of a hearing set for that day. At the hearing, after discussion and consent of the parties to allow additional time to find a resolution for the livestock, the Court continued the hearing to October 11.

6. The State filed a Supplemental Interim Report and Plan for Disposition on October 10, updating the Court on IDALS' efforts to find a market for the chickens and plan for disposition.

7. Following the October 11 hearing, the Court issued an Order for Disposition of Livestock in Immediate Need of Sustenance. The Disposition Order:

- a. Approved IDALS's agreements with the contract growers for the care and housing of the livestock until they could be off-loaded or depopulated;

- b. Approved IDALS's agreement with Troy Taylor for the overall management of the livestock;
- c. Authorized IDALS to pursue the depopulation and disposal of all chickens with the efforts initially focused on the larger nonmarketable chickens and proceeding to the smaller chickens once all of the larger nonmarketable chickens had been depopulated;
- d. Authorized IDALS to continue its efforts to market the chickens and, at its discretion, bring any concrete and verifiable offer to the Court for consideration and approval;
- e. Authorized IDALS to continue to explore the possibility of providing the chickens free-of-charge to a processor no later than October 17 if it determined that doing so would be the most cost-effective and efficient disposition of the chickens;
- f. Ordered Defendants with an ownership interest in the poultry to repay IDALS the expenses it incurred to provide sustenance and maintenance to the poultry through final disposition, prorated based upon the percentage of ownership interest; and
- g. Continued the agricultural lien placed on the poultry in the temporary-relief order.

8. Finally, the Order directed IDALS to file a final report detailing its actions, including identifying and describing its depopulation activities and efforts and accounting for the expenses associated with the care, maintenance, and disposition of the livestock. The State now files that report.

DISPOSITION OF THE LIVESTOCK

Selling Chickens for Processing

9. As the State had previously identified, shortly before the October 11 hearing, Pitman Farms offered to purchase the chickens for \$.50/bird, but the offer contained a number of contingencies, including a bankruptcy filing by PPP.

10. PPP did not re-file for bankruptcy,¹ and Pitman's offer and accompanying contingencies did not come to fruition.

11. IDALS did not receive any additional verifiable, concrete offers for the entire flock. While it received offers for smaller amounts of chickens, follow-up revealed they were not concrete offers with specific amounts or destinations, and the potential buyers could not provide the assurances IDALS would need to avoid further liability, including assuming risk of loss during transportation and responsibility for catching and loading the chickens.

12. Efforts after October 17 to provide chickens free-of-charge proved difficult and unworkable for similar reasons and pursuing potential offers continued to strain IDALS's staff.

13. As stated in the State's Interim Report, due to limited processing capacity in the broiler industry and potential agricultural-lien rights from "interested parties," the State was not able to finalize concrete and actionable proposals with an end-market for the chickens, other than a rescinded October 7 offer from Tyson Foods for \$.50/bird.

Depopulation of the Chickens

14. Having not obtained a market resolution for any of the chickens by October 16, beginning on October 17, IDALS began executing its plans for the timely and efficient depopulation of the chickens, beginning with those locations where the chickens were the least marketable.

15. Water based foam, an American Veterinary Medical Association conditionally approved method of depopulation for poultry, was administered safely, quickly, and humanely to depopulate the broilers at each farm. The depopulation was overseen by licensed veterinarians employed by IDALS.

¹ An Involuntary Petition for Bankruptcy was filed against PPP after all the chickens were depopulated. *See In re Pure Prairie Poultry, Inc.*, No. 24-01098 (Bank. N.D. Iowa November 7, 2024) (Dkt. 1).

16. Depopulation of all subject chickens concluded on October 25.² Each farm is now disposing of the carcasses through composting.

IDALS'S COSTS

17. To the extent it was able to allocate its costs to a particular site, the State has done so. *See* Exhibit 1. Here is a summary of the total costs allocated to the sites for temporary feed, care and disposal:

Feed Costs	\$1,117,200.69
Care of Chickens	\$198,324.68
Disposal of Chickens	\$396,155.40
TOTAL	\$1,711,680.77

18. The documentation to support the costs for the sites are attached:

Exhibit No.	Document
2	Spreadsheets of feed costs for each site
3	Spreadsheet of feed purchases from Mid-Iowa Milling and accompanying invoices
4	Spreadsheet of feed purchases from AgState and accompanying invoices
5	Spreadsheet of feed purchases from Premier Cooperative and accompanying invoices
6	Spreadsheet of feed purchases from Hull Cooperative and accompanying invoices
7	Reimbursement forms for temporary care and disposal for each site

19. While most of the costs directly incurred at each site can be easily allocated to the specific site, including care, feed, and disposal, other costs to the State, including depopulation and IDALS's staff time and the farm management services of Mr. Troy Taylor, cannot. The State therefore provided a cumulative total of those costs.

² PPP and Lighthouse Management Group, Inc., filed an Assignment for the Benefit of Creditors in Minnesota on October 21. *See In re Pure Prairie Poultry, Inc.*, Nicollet Cnty. Dist. Ct., No. 52-CV-24-714 (Oct. 21, 2024). The assignment did not include any poultry subject to this proceeding. *Id.* at 2 (assigning PPP's "property, including livestock and inventory used in Assignor's breeder and pullet program wherever located, but excluding all other live inventory other than finished inventory....").

20. The cumulative total for the costs for depopulation is \$516,002.59. The documentation supporting these costs is attached as Exhibit 8.

21. The cumulative total for IDALS's administrative costs, support for which is attached as Exhibits 9 and 10, are as follows:

Staff Time	\$75,161.91
Travel	\$7,110.50
Misc. Expenses	\$488.21
TOTAL	\$82,760.62

22. The total costs the State incurred in providing sustenance and maintenance to the livestock through final disposition was **\$2,310,443.98**. IDALS requests the Court order Defendants with any ownership interest in any of the subject livestock to pay that amount to Plaintiff, prorated based upon the percentage of ownership interest. *See* Iowa Code § 717.5(3).

FINAL CONSIDERATIONS

23. IDALS appreciates the cooperation from the growers and Troy Taylor, who assisted in getting this process to a quick and humane resolution. It was an unfortunate situation, and many did the best they could to ensure the livestock received sufficient care and maintenance.

24. IDALS is frustrated that it was forced to become involved to address livestock-neglect issues that could have potentially been avoided. The livestock here were originally included as assets in a bankruptcy proceeding, which presumably has rules and procedures in place to ensure the livestock are provided sufficient care and maintenance, or in the alternative expeditiously off-loaded to retain value for later distribution.

25. IDALS's rescue of neglected livestock is a last resort and should be seen that way. IDALS does not want what happened in this case to be repeated. Allowing a livestock-owning-debtor to abandon the bankruptcy process after being unable to obtain additional

financing or a satisfactory restructuring of debts could encourage other financially insolvent livestock owners to see State-rescue of neglected livestock as a more convenient, efficient, and less-costly resolution to a potential protracted and complicated legal battle in a bankruptcy proceeding.

26. In this case, certain creditors objected to PPP obtaining additional financing in the bankruptcy proceeding, leading to the dismissal of the bankruptcy petition and the subsequent need for the State to step in to address animal welfare issues when PPP could not afford to feed the livestock. Even after the State stepped in and attempted to market the livestock, other input creditors objected to the State's proposed sale, arguing their lien rights followed the chickens to the processor and that the State could not provide "clean" title. This scuttled the only opportunity for a resolution resulting in both proceeds for the sale of the livestock and a definitive end-market where the chickens would be harvested for protein.

27. Those creditors are wrong. Chapter 717 allows the State to provide "clean" title to livestock subject to rescue and disposition. For it to be otherwise would cripple the State's ability to obtain proceeds from disposing of rescued livestock and thereby cripple the State's ability to recover its costs. This would discourage the State from exercising its authority under chapter 717, an absurd result for a statute intended to prevent animal cruelty through abandonment.

Respectfully submitted,

BRENNA BIRD
Attorney General of Iowa

/s/ Jacob J. Larson
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