

January 21, 2014

President and CEO Don Thompson  
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President and CEO Thompson:

This letter is a follow up to the letter from August 27 regarding your potato supplier, Ronald Offutt and Son Inc. (Winnemucca Farms). In August, when you were invited to the October 8 hearing, we knew that your potato supplier had clear cut-part of a 1,459 acre parcel of forested land that it had recently purchased. Offutt's stated intention was to convert the land to agriculturally intensive potato production. We assumed that the Offutt method of potato production, with its heavy irrigation and substantial nitrogen and pesticides inputs, could not avoid contaminating the sensitive Pineland Sands Aquifer that lies under the previously forested lands.

We also knew that you have stated principles of sustainability, and that they are the right ones: specifically that you will work with suppliers to ensure that the land is managed in a way that is sustainable and will not damage the ecology. You highlight your commitment to respect forests and advertise your contributions to protect tropical forests. Obviously your supplier's conversion of quality forest habitat to intensive potato production over a sensitive aquifer is absolutely contrary to your stated commitment to sustainable land use practices. You were asked to inform Ronald Offutt and Son, Inc. that you cannot continue to use it as supplier if its operation does not meet your standards.

Since that letter was sent in August, there have been two public hearings where the Offutt operation was discussed. Gaylen Reetz, Director of the Watershed Division of the Minnesota Pollution Control Agency, testified before the Legislative-Citizen Commission on Minnesota Resources. Reetz described the "very good condition" of the streams in Byron Township where the clear cutting has occurred and said "any addition of nitrate into these streams is going to result in degradation...additional nutrients, specifically nitrate will lead to eutrophication. Eutrophication will lead to decreased oxygen levels which will ultimately have an impact on the biology of the streams." Mr. Reetz's testimony has been transcribed and is attached.

In August, we could only assume that additional nutrients, specifically nitrogen, would degrade our waters in Byron Township. Now we have expert testimony that this will happen.



Keith McGovern, a member of the Offutt family and manager of the food and farm division, testified for Offutt before the Environment, Natural Resources and Agriculture Finance Committee on October 8. Mr. McGovern was asked if Offutt could grow potatoes in the newly acquired land and still prevent the contamination of the groundwater, in this case the Pineland Sands Aquifer. McGovern said it was not his intent to contaminate the groundwater. The follow up question was: if you find that your best management practices do not work to prevent contamination of the groundwater, will you voluntarily cease growing more potatoes on the formerly forested land? McGovern answered, "(a)s not the sole owner of the company, I don't know that it's right for me to answer that question. But it would be my personal belief that we would not proceed with developing land in that area if we found it was harmful to the aquifer." Mr. McGovern's testimony has been transcribed and is attached; also attached is a Star Tribune article on this hearing.

In order to meet your sustainability standards, Offutt cannot continue its current method of producing potatoes on the land it has already clear-cut. Further, in order to meet your sustainability standard, Offut cannot continue to clear-cut forested lands.

An additional issue arose at this hearing. Mr. McGovern told Rep. Rick Hansen that he would gladly meet with him to show him the 40,000 acres of Potlatch land that "we have no intention of converting." Since Potlatch has 60,000 acres for sale in this region, Offutt is clearly considering purchasing and clear-cutting another 20,000 acres. Again, in order to meet your sustainability standards, Offutt should not purchase any additional lands to clear-cut for intensive agriculture.

These issues of sustainability are at the forefront, not just because high nitrate levels are showing up in Minnesota's ground water, but also because groundwater is the source of drinking water for approximately 75% of Minnesotans. These high levels are especially striking in the Central Sands area of the state where your potatoes are grown. Nitrate contamination has been detected in 97% of the monitoring wells in this region (Minnesota Nitrogen Fertilizer Management Plan Draft, 2013). Sixty two percent of recent samples exceed our Department of Health's limits for drinking water. Despite high rates of adoption of best management practices, this trend is going in the wrong direction. Individual well owners and community well systems are paying the cost. For example, Park Rapids will be increasing water rates by 25% to cover the cost of a new water treatment facility it is building. The city was forced to take this route after multiple attempts to find a source of uncontaminated groundwater were unsuccessful.

Mr. McGovern declined to accept any responsibility for the nitrogen that is showing up in wells in the central sands area: "...based on what I know about water movement through the soils and the aquifers it's very difficult to identify a person responsible."

At your request, Offut has become a master at tracking its potatoes. McGowan testified that "we have to track the seed that's planted, all the inputs to the crop, where it's stored, when it's shipped, when it's processed, what freezer it goes into, what box it goes into, what truck it goes into, what distribution center, what restaurant. Then they (McDonald's) can accurately determine when that French fry was sold." Nitrogen, too, can be tracked. By not tracking it, Offet can avoid responsibility.

It is our understanding that all of your Offutt potatoes are from irrigated fields. Anyone who wants to apply fertilizers and pesticides through an irrigation system must obtain a chemigation permit. The Department of Agriculture has issued 2092 chemigation permits statewide, Offutt has 715 or 34%. The next biggest permit holder has 65. The vast majority of permit holders have less than ten.

Most of Offutt's permits are in four of our 87 counties. These four counties are in the Central Sands region. Offutt has 120 of the 190 permits or 63.15% in Hubbard County; 94 of 110 or 85.4% in Becker County; 133 of the 168 or 79.1% in Wadena County; and 255 of 595 or 42.8% in Otter Tail County.

Park Rapids, the town spending millions to build a new drinking water treatment facility, is in Hubbard County.

Most folks would not enjoy a McDonald's French fry nearly as much if they thought someone's drinking water could be polluted because of the way the potato was grown. Most folks would not enjoy a McDonald's meal nearly as much if they thought McDonald's was telling them about their sustainability practices but then procuring potatoes grown in a manner that is totally unsustainable. People want to trust their food producers. (See attached New York Times article)

For the health of Minnesota's waters, including our drinking water, and our habitat we want McDonald's to live up to the standards you have set for McDonald's by (1) ensuring Offutt will not continue using its current method of producing potatoes on the land it has already clear-cut; (2) ensuring Offutt will not continue to clear-cut forested lands for potato production; and (3) using only suppliers that take responsibility for cost of their pollution.

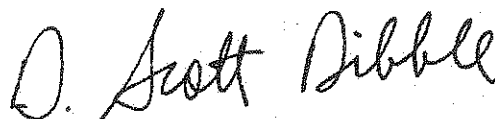
Our legislative session resumes on February 23. We want to hear about your positive actions before the 23.

Thank you for your attention to these matters.

Sincerely,



Representative Jean Wagenius  
Chair, House Committee on Environment,  
Natural Resources and Agriculture Finance



Senator Scott Dibble  
Chair, Senate Division on Transportation and  
Public Safety

CC:

Commissioner Frederickson, Minnesota Department of Agriculture  
Commissioner Landwehr, Minnesota Department of Natural Resources  
Commissioner Stine, Minnesota Pollution Control Agency  
Chief Executive Officer Christi Offutt, Ronald D. Offutt Company  
Chief Executive Officer Gary Rodkin, ConAgra Foods