



## Organically Grown Company

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March 17, 2019

Chair Williamson and Members of the House Judiciary Committee,

We are writing to express our support for House Bill 2598, establishing stewardship trusts as an option for ownership of businesses in Oregon.

Organically Grown Company (OGC) was founded 40 years ago in Eugene, Oregon and is now the largest wholesale distributor of organic fruits and vegetables in the Pacific Northwest, distributing more than 100 million pounds per year of fresh food to the region. Our business is an independent Oregon benefit company, owned by a purpose trust that serves our mission and stakeholders. Currently, OGC employs more than 200 staff, works with more than 500 growers/vendors, and serves over 800 food stores and restaurants throughout Oregon, Washington, Idaho, Alaska, and Montana.

Our company was founded, and exists today, to serve our mission to promote healthy food and agriculture. We do this primarily by being a service provider to our farmers by helping them with the infrastructure to plan, market, and deliver their crops, and to our customers by helping them source a robust supply of quality organic fruits and vegetables year-round to sell to consumers.

We expect our mission and the need for the services our business provides to have ongoing relevance into the future for our suppliers, customers, employees, and community. However, several years ago we found ourselves at a crossroads. We had a number of founders who wished to retire and sell their shares back to the company as their retirement nest egg. In 2008, we had established an Employee Stock Ownership Plan (ESOP) to meet this need while transitioning ownership to the next generation. However, we found that using it as the main vehicle for stock repurchase could create some challenges for the company's financial wellbeing, jeopardize other strategic and missional goals, and put the company at risk for unsolicited acquisition.

With the support of the National Center for Employee Ownership, Stoel Rives Law Firm, and others, we started looking for alternative strategies that would allow founders to sell their shares, which would protect our continued operations and service to our stakeholders into the future. We landed on creating a purpose trust called the 'Sustainable Food and Agriculture Perpetual Purpose Trust' to buy back the common stock and hold it as a "steward owner." As such, the trust is set up to support the ongoing operations of the company, with no need or desire to sell the company, and the trust agreement directs the

company Board of Governor to be accountable not to profit or share value maximization but rather to run a viable company and reinvest back into the operations of the business and/or share with its stakeholders.

While OGC is an Oregon C corporation, the purpose trust we created to hold the "steward ownership" is currently domiciled in Delaware with First Republic of Delaware serving as Trustee. We did this because of the limitations of the Oregon trust statute that risk undermining the reasons for transferring our ownership into the trust. Our preference would be to have those administrative services delivered locally, with the associated revenues remaining in Oregon.

After having gone through our ownership journey and transition to a trust, we have been approached by dozens of businesses, CEOs, and company founders who would also like to consider similar alternative structures for succession planning and growth. We have been invited to speak at multiple conferences on business entrepreneurship and financing and were featured in Fast Company's 'World Changing Ideas,' Forbes Magazine's 'How A Restructuring Plan Helped An Organics Pioneer Maintain Its Mission,' and Oregon Public Broadcasting's Think Out Loud 'Oregon Groundbreakers Share their Vision,' which demonstrates the excitement around this new option for businesses. Oregon would benefit from being a state that allows businesses to have the option of a "stewardship trust," which would serve to attract and retain more independent businesses to our state for the long term.

Thank you for your consideration of our comments.

Sincerely,



Natalie Reitman-White Vice President, Trade Advocacy, Organically Grown Company



Matt Mroczek, Vice President of Finance, Organically Grown Company