



Growing a healthy world since 1980

Written Testimony in Support of HB 2598

March 14, 2019

Chair Williamson and members of the House Judiciary Committee:

My name is Jack Gray. I'm a farmer from Noti, Oregon. I was on the Board of Organically Grown Company when its' transition into being owned by the Sustainable Food and Agriculture Perpetual Purpose Trust began. As a lifelong Oregonian, I was disappointed that it was more beneficial for the trust to be established in Delaware rather than Oregon because of our state's trust code. I'm writing today in support of HB 2598 with the hope that Oregon will not miss out on future economic opportunities and the hope that perhaps Oregon could become a national leader in Stewardship Trusts.

Organically Grown Company (OGC) was founded in Oregon as a marketing coop in the 1980's by a group of farmers who were all about my age (64). Over the years OGC has grown to become the largest distributor of organic produce in the Pacific Northwest. OGC employs 238 people, works with more than 500 growers/vendors and has facilities in Portland, Spokane, Seattle and Eugene serving Oregon, Washington, Idaho, Alaska and Montana. OGC's very rapid growth forced us always to be analyzing our business structure for future success. Our structure has changed from being a coop to an S-corporation and now finally to a C corporation owned by a Trust.

As OGC grew beyond what any of us had ever imagined and the founding growers and employees began to retire the business stepped up it's search for how we would best be able to buy out retiring shareholders while staying independent and true to our mission of fostering sustainable agriculture. After several years of extensive and sometimes frustrating research and financial modeling OGC finally discovered the noncharitable purpose trust. Here was a model that could cash out all existing shareholders, allow the company to remain independent and true to its mission, create an investment vehicle for those wanting to support sustainable agriculture, stabilize elements of OGC's financial forecasting, and allow OGC to focus on supporting its mission and stakeholders rather than shareholder return. After comparing this model to several other options it became clear that a trust was the way to go. So we did. The Sustainable Food and Agriculture Perpetual Purpose Trust was created, investors were found, shareholders were bought out and the trust became the owner of Organically Grown Company.

As a founder it has been a source of pride and a huge relief to see OGC carry on with employees and mission in tact while transferring ownership and personally getting cashed out. This model brought millions of dollars into Oregon from outside investors looking for a social impact. It also allowed original shareholders to reinvest in OGC. Stock repurchase dollars have already had economic ripple effects by bolstering retirement accounts, enabling farm succession plans and house construction, providing medical treatments and more. This all came about because of our succession of ownership into a trust.

Let's make possible and get the word out to Oregon businesses about another important business ownership option, the stewardship trust. As much as we all love the state of Delaware, it is time to bring our trust business home. Please support HB 2598 and change the Oregon Trust Code to allow stewardship trusts.

Thank you very much for listening.

Jack Gray
Winter Green Farm

A handwritten signature in black ink, appearing to read 'Jack Gray', is written over the printed name and title.