

Chair Prozanski and members of the Senate Judiciary Committee:

My name is David Amorose. I serve as Vice President of Supply Chain Management at Organically Grown Company, or OGC as we call it. We are primarily based out of Eugene and Portland. We were founded 40 years ago, currently have 250 employees, and distribute 100 million pounds of organic produce annually. I've been with the Company for 29 years and intend to retire in 2020. Retirement and succession planning have been ongoing concerns as several of the founding growers and staff are ready to move on, and make way for the next generation. I'm here speaking in support of HB 2598, as I believe it will provide other Oregon businesses the opportunity OGC has had, in transitioning to a stewardship trust.

Shared ownership and governance have been rich contributors to our values at OGC. In the course of my career, I've been able to experience first-hand what it is was like to go from an agricultural cooperative to an S-Corporation to an S-Corporation with an ESOP—each time we solved one problem but seemed to create another, all with the best of intentions in honoring the value of sharing ownership broadly. I chaired the Board for 10 years while undergoing these ownership transitions, which while challenging, allowed myself and others to recognize something *better* when it finally presented itself.

A few years back we found ourselves at a crossroad, not uncommon in businesses wanting to pass down the company and at the same time ensure that it carried on its legacy. Founding owners, both farmers and employees, needing to retire, were relying on the next generation to buy them out to assume ownership of the company. This was not financially feasible, and as a consequence our business was at risk of being sold out. We *also* found that all the 'next gen' young people didn't necessarily want to be long term owners, or stockholders. We wanted a way to retire founder's stock while keeping our business going, to pursue our mission into the future.

In terms of outcomes, we knew what we wanted, but weren't at all sure that it existed as a business structure. First of all, we have always been a mission based organization with a commitment to the growth of sustainable and organic agricultural food systems. Equally important, has been our desire to remain independent to ensure that our voice in creating the social change we aspire to is less likely to be diminished. We also have a history of working collaboratively and have always included our customers and the wider community in our outreach. Last but not least, the realization that "we are running a business" requires that we remain profitable, however, we see it as a means to an end, in supporting all of the above.

We worked with legal counsel and discovered, that as our solution, we could put the business into a *kind* of purpose trust-a stewardship trust. OGC's shares are now in the process of being purchased by the Sustainable Food and Agriculture Perpetual Purpose Trust, to be held in perpetuity. The business case for this transition has been encouraging. We have found that our purpose, as codified in the Trust Agreement, resonates with investors. We believe other Oregon businesses can be similarly successful and take advantage of this ownership option, however this will require changes to Oregon's trust code.

When we created *our* trust we relied upon the trust code of another state, in this case Delaware, since Oregon's trust code, as written, does not provide all of the provisions supporting stewardship trusts. From the beginning though, we had a strong preference to be able to establish it, in our home state.

The passage of HB 2598 will make this possible.

Thank you for considering my remarks in support of stewardship trusts in Oregon.

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