

Grand Central Bakery to Become a "Perpetual Purpose Trust" to Preserve Its Values

Jammers and Bolo Rolls forever.



THE SLICE: Grand Central baguette. (Daniel Rossi)

When most people set up trusts, it's to avoid taxes as they pass wealth to descendants.

Not Grand Central Bakery. It's setting up a trust to keep the company from ever being sold and to preserve its mission: treating its 370 employees and its suppliers fairly while being a business. The trust also ensures that the bakery will keep making Jammers and Bolo Rolls in perpetuity.

When the transition to trust ownership is complete this summer, Grand Central will become one of just a few companies that have become "perpetual purpose trusts," a non-charitable trust that is established for the benefit of a purpose rather than a person. Usually, the beneficiary of a trust

is the nephew of a rich uncle. In this case the beneficiary is the company's mission, the company said.

"As a trust-owned company, we can focus on growing in a way that continues to benefit local farmers, our employees, and the communities we serve, without the uncertainties that can come when companies are bought and sold," Grand Central CEO Claire Randall said in a statement.

That doesn't mean the owners of Grand Central don't get paid. They are selling the company to the trust for special shares of stock that will pay dividends to them and that they can sell over time. This summer, they will also sell shares to investors who specializes in mission-driven companies.

Shares of the more powerful, common stock will be controlled by the trust. It will have a seven-person, independent board that will collaborate with the CEO, ensuring that the company's actions align with the trust's objectives.

"This answers the question of how do you solve for liquidity and legacy," said Peter Koehler, an executive at Alternative Ownership Advisors, which is helping Grand Central with the deal.

Unlike other trusts, Grand Central's trust confers no tax advantages to the owners, Koehler said.

Grand Central was founded in 1989 by Gwyneth Bassetti. Her son Ben Davis, who is among the owners, opened the first Portland location on Southeast Hawthorne Boulevard.