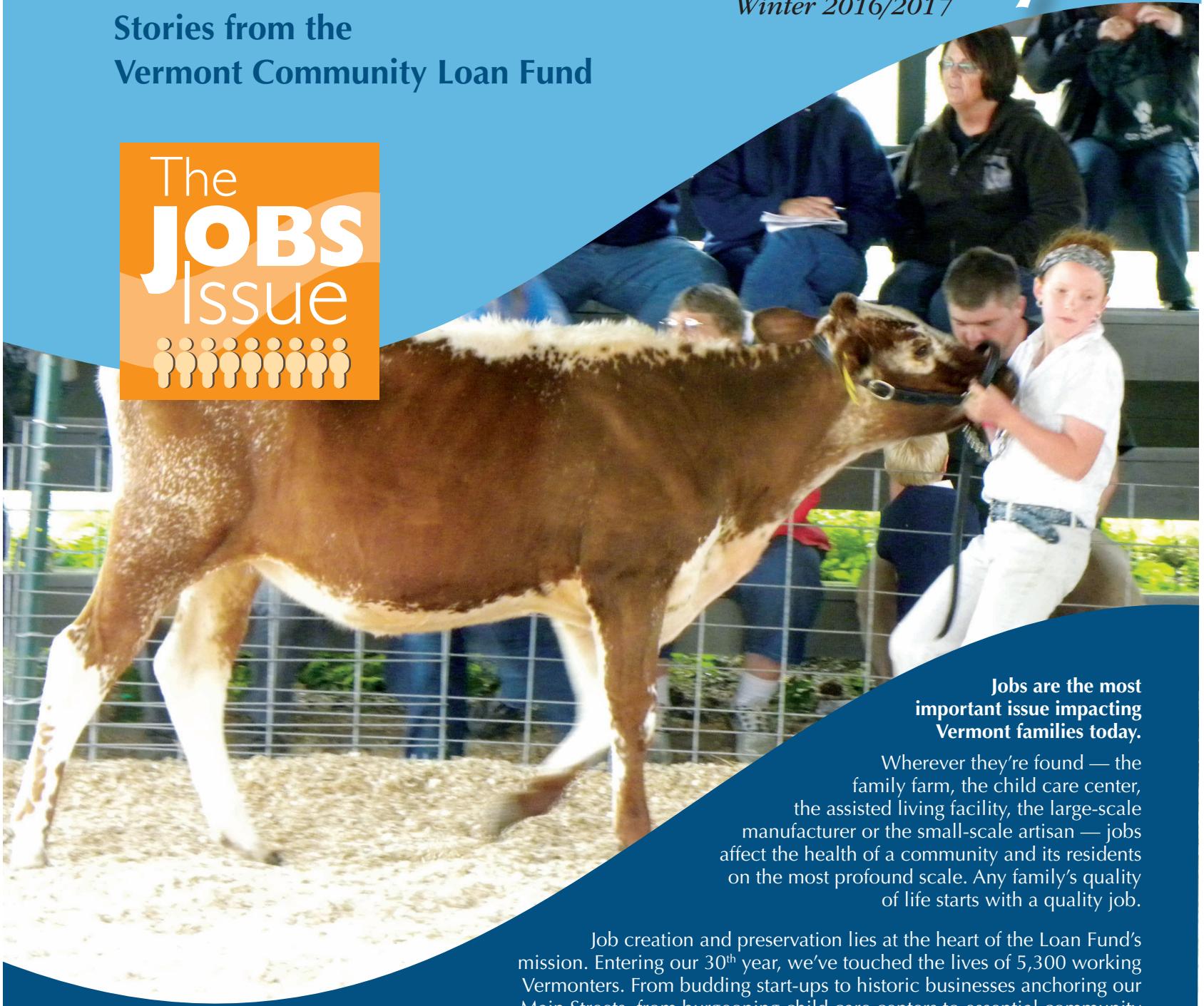


NoteWorthy

Stories from the
Vermont Community Loan Fund

Winter 2016/2017



Jobs are the most
important issue impacting
Vermont families today.

Wherever they're found — the family farm, the child care center, the assisted living facility, the large-scale manufacturer or the small-scale artisan — jobs affect the health of a community and its residents on the most profound scale. Any family's quality of life starts with a quality job.

Job creation and preservation lies at the heart of the Loan Fund's mission. Entering our 30th year, we've touched the lives of 5,300 working Vermonters. From budding start-ups to historic businesses anchoring our Main Streets, from burgeoning child care centers to essential community facilities to the newest and best in sustainably-built affordable housing, we're proud of our work putting Vermont to work.

In this, our first "Jobs Issue," we want to put the focus where it belongs, on all the Vermonters who work so hard to make the Loan Fund's work possible, and our state so special.


Will Belongia, Executive Director

30
YEARS
VERMONT
COMMUNITY
LOAN FUND
investinvermont.org

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Invest in Vermont!

In every corner of our state, Vermont Community Loan Fund investors are investing in a stronger, healthier, more sustainable, more equitable future for Vermont. They're investing in **impact:** safe, affordable homes, quality jobs, community services and early care & education. They're investing in their neighbors and their communities.

And you can too. VCLF offers a variety of investment options to accommodate your social impact and financial goals. Current investments range from \$1,000 to over \$1 million.

Current Investment Rates*

Social Investment Term Account

1-2 Years	3-4 Years	5-6 Years	7-9 Years	10+ Years
0.85%	1.25%	2.25%	2.5%	3.0%

Social Investment Cash Account

Open-Ended Maturity, Withdrawals on Demand
0-0.5%

* Rates as of October 31, 2016. Lower interest rates allow us to keep financing affordable to borrowers, increasing the impact your investment has in Vermont communities. Rates are subject to change.

If you'd like to talk about how the Vermont Community Loan Fund can help you meet your investment needs, please contact Susan Hood at susan@vclf.org or (802) 224-9133.

The Loan Fund At Work



Business Program

Jobs Created: **659**
Jobs Preserved: **2,141**

5,274
Jobs created and preserved 1987–present

Child Care Program

Jobs Created: **228**
Jobs Preserved: **400**

Community Facilities Program

Jobs Created: **144**
Jobs Preserved: **361**

Affordable Housing Program

Construction Jobs Created: **1,341***

* The National Association of Home Builders estimates that 1.13 jobs are created for every unit of multi-family housing constructed or rehabilitated.

Cover photo: Emily Russell, Fog Lake Farms

RUNNING ON DAIRY

Fog Lake Farms, Randolph



Milk might *actually* run in the Russells' blood. Though Craig Russell's parents sold their Randolph farm when he was just 13, Craig kept working for the neighbors, planting and harvesting, milking and "doing cow chores" until he finished college and moved on to an accounting career. Craig's wife Angela traces her farming ancestry back 13 generations to Samuel Blodgett, a Woburn, Massachusetts farmer, circa 1644. Angela also studied accounting, and she and Craig settled in Montpelier with newborn son Alex.

Then came the day Craig attended a farm auction, his guilty pleasure, and brought home "Daisy Number One," a Holstein heifer calf who took up residence in their two-car garage.

"After that, we just kept buying heifer calves," Craig says. As the herd grew, they were moved to Craig's parents' barn back in Randolph. Suddenly he and Angela were partners in a new dairy operation, **Fog Lake Farms**, while still working full-time jobs off-farm to boot. Help was needed, but there was no way to pay. Friends and neighbors pitched in until the Russells could just about manage an hourly wage for Ken Paulhus, a retired computer programmer and, it turns out, farmhand extraordinaire.

A flurry of changes rolled in as the herd count rose. At 60 cows, they switched to organic production. When baby daughters Emily and Abigail arrived, Angela left her job to parent and work full-time on the farm. In 2009, at 82 cows and counting, Craig switched to farming full-time, too.

Then, Tropical Storm Irene hit, setting into motion a series of financial hardships. Clean-up costs



resulting from the storm pushed completion of their new barn construction into the winter and well over budget. With the cows living outdoors, they lost milk production and revenue, and they couldn't pay their grain bills.

"We were financially and emotionally devastated," recalls Craig, "and I went bankrupt," he says, his voice dipping almost to a whisper. With a bankruptcy on record, banks wouldn't consider helping the Russells. "But then we met with VCLF," he says, voice lifting again, "and they saved us."

The Russells used VCLF financing to purchase 22 acres for expansion. Another loan purchased a highly-efficient disc mower. The inability to pay grain bills led, serendipitously, to going grass-fed, which brings a higher milk price. Another farm purchased 15 head, allowing the Russells to pay off their herd and equipment debts.

Their trusted employee Ken is still onboard, as are new hourly-wage earners/next generation family farmers Emily and Alex Russell, along with Alex's high school buddy Colby. They've also added beef cattle, selling as Fog Lake Meats.

"We could've lost everything," says Craig. "VCLF saved Angela's job and my job. Now the business is profitable. Our kids could take over and make a good living here."



"But then we met with VCLF, and they saved us."

– Craig Russell, Fog Lake Farms

LITTLE DIPPERS' BIG SUCCESS

Little Dippers Doodle Children's Center, St. Johnsbury



If it's true it takes a village to raise our children, Betsy Bailey, founder and Director of **Little Dippers Doodle Children's Center** in St. Johnsbury, would know. Betsy has conceived, built and grown such 'villages' throughout her child care career with financing from the Loan Fund.

Betsy started out with a degree in early childhood education and a minor in business. She was a preschool teacher in the mid-nineties when her son Davis was born. The preschool didn't offer infant care so she started her own business, renting space. Her 12-child license grew to 30 children, with nine employees. She simultaneously took over weekend operations at Mountain Daycare at Burke Mountain, serving 44 kids.

Along the way, Betsy struggled to manage costs, even moving her program to her home temporarily before finally deciding she'd need to build her own facility if she ever wanted to become sustainable. "I realized I needed to build a bigger facility or close my program," she says. "The Loan Fund said yes."

Little Dippers broke ground on a new

In Memory of

David Budbill
1940-2016



David Budbill, Vermont writer, visionary, and member of VCLF's Board of Directors from 1991-1997, passed away in September. We celebrate David's commitment to affordable housing and economic justice, and his love for his Vermont community.



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8,200-square-foot facility in late 2006, saving and creating services for 150 children & families, and 34 jobs to boot. Little Dippers since has been awarded a Strengthening Families state grant and a Building

Bright Spaces for Bright Futures grant (administered by VCLF), leading to further expansions including hiring Maria Sullivan as Family Outreach Director.

"Our program is in a high-need area, where there's a lot of financial stress and trauma," says Betsy. "Maria helps provide wrap-around services for our families, helping parents with housing, doctors' appointments and so on, to support our families," she adds.

Maria arrived in 2010 with extensive human services counseling experience, "But I wanted to work more directly with children," she says.

Today, Maria coordinates with classroom teachers, conducts home visits to check in and help families with parenting skills, nutrition and more. "A lot of our families live with toxic stress: housing issues, poverty," she says. "It's rewarding to see children and their families get stronger and healthier. Resources like VCLF have allowed us to evolve into a more comprehensive program."

ENVOY TO JIMMY by *David Budbill*

First I've got to tell you
there's only one radio station around here
anybody ever listens to
because it's the one with the farm news
and the local news and the Trading Post
and comes on at five so folks have music to milk cows by.

Everybody listens to it while they're going down the road.
It's nice because
everybody's head bounces to the same tempo.

I was coming home one day up the river road
and saw Jimmy coming toward me in the pickup
headed for the sawmill or the feed store.

I was going to toot and wave, I always do,
mostly everybody does. Then I saw him
in the cab in that instant
as we passed each other
his arms stretched straight against the wheel,
his head thrown back, eyes almost closed,
his mouth wide with song.

*Reprinted from *Judevine*, copyright 1999 by David Budbill, used with permission from Chelsea Green Publishing, www.chelseagreen.com*

HOMES WHERE THE HEART IS

Awakening Sanctuary, Bristol & Burlington



*Awakening Sanctuary,
Bristol*

In 2004, Dee DeLuca, a Bristol-based artist, entrepreneur and business woman was, she says, “looking for my next life journey.” Meanwhile, her friend Paul Kervick and his wife Julie Winding were happily running Awakening Sanctuary, a Vermont retreat and educational organization they founded “to promote health, spirituality, consciousness and community.” And then...

“The project found us,” says Dee. “The project” was **Bristol House**, a long-serving, local assisted living facility, now up for sale. Without a buyer, its future and that of its seven senior residents and ten employees looked grim.

“We saw that the missions of Bristol House and Awakening Sanctuary were compatible,” says Dee. “We asked ourselves ‘If we were to live in a care facility, what would we want it to look like?’ ‘An integrated, holistic approach to health care and aging’ was how we came to express it,” and the Living Well Community Care Home came into being.

Five years later, their mortgage was due to be reworked when the recession hit. “Regulators put

all real estate transactions on hold due to the downturn,” Dee recalls. Suddenly, and through no fault of their own, the residence’s future was again in jeopardy. VCLF stepped in with financing, and the Living Well Community Care Home continued serving its community with quality care.

Thus, Dee knew just where to turn in 2013 when **Burlington’s Ethan Allen Residence** senior facility went on the block. The absence of a buyer would mean there was a strong possibility of its doors closing forever. VCLF again stepped in to help finance the acquisition.

With Vermont on track to have the seventh oldest state population nationally, Dee stresses that seniors will need care, and caregivers. Together, VCLF’s loans to Awakening Sanctuary have saved or created 55 senior beds, 48% of which are Medicaid-eligible. “If not for VCLF and their flexibility, I don’t know how we could’ve done this,” Dee says. “If Awakening Sanctuary couldn’t pay those employees, then what? VCLF saved 30 jobs.”

Karen Robinson agrees. Karen, who serves as Ethan Allen Residence’s Chief Financial Officer, works one of those jobs. Her previous employer had just shut down its Vermont office when Dee called. Karen was intrigued to work at a nonprofit, having worked in for-profit finance and accounting for some years. “There are challenges,” she says. “Wanting to support as many Medicaid clients as we can, because there’s such a need. No doubt, support from VCLF has helped us get to those folks.”

Currently, Karen is focusing on a new VCLF-financed project, installing an elevator for improved handicapped access. The project is yet another challenge, she notes. “But challenges are what VCLF does best. I love having VCLF come in and tell us what we *can* do, how we can make things happen,” she says.



At Burlington’s Ethan Allen Residence



“If Awakening Sanctuary couldn’t pay those employees, then what? VCLF saved 30 jobs.”

– Dee DeLuca, Awakening Sanctuary

PAPER'S CUTTING EDGE

Pulmac Systems International, Williston



Pulmac — the name is a contraction of 'pulp' and 'machinery' — traces their beginnings back three generations to Elijah Cowan, Chairman of the Canadian Pulp and Paper Association Machine Shop Board. Elijah went on to found a

pulp and paper engineering firm in Quebec, for which he hired some of the best engineering minds from halfway around the world: refugees seeking to restart their lives in the wake of World War II. The firm soon became synonymous with innovation, inventing machinery that would vastly improve the paper industry's productivity. The next generation took the helm when Elijah's son Wavell Cowan founded Pulmac Research in 1963, a firm dedicated to advancing industry methods.

By the 1990s, Wavell's children were driving operations. But competing visions led sons Joff and Brent to split the business, with Brent in Canada and Joff establishing **Pulmac Systems International** in Williston. Sister Pamela teamed with Joff to serve as CFO while her husband, Bob White, became CEO of the Vermont-based business.

Not surprisingly, the division of Pulmac's assets, intellectual property and products led to financial complications and the need for Pamela, Joff and Bob to replace inventory and equipment. "But with the unique situation we were all in, there was no

way we could've gotten financing from a bank," says Pamela. "So we came to VCLF."

Pamela, Bob and Joff reviewed Pulmac's future with the Loan Fund, including plans for the introduction of a game-changing new product, the patent-pending FiberRouter.

Pamela explains that the FiberRouter will use less energy to yield higher quality and greater volume. "Paper that's just as strong, with less fiber," she enthuses. "It will change the way paper is made!" The next step will be a field test, to prove the FiberRouter's capabilities and attract investors. Projected sales could lead to significant expansion — and jobs.

In the meantime, a VCLF line of credit has preserved existing jobs, paving the way for the next innovation. "If not for VCLF, our people would have been out of a job. And these are really good jobs," Pamela says, citing competitive pay and benefits.

Michelle Ovitt is one Pulmac staffer who credits VCLF with saving her job. Pulmac's most senior employee outside of family, Michelle started as an accounting clerk while still a student at Champlain College. After graduating, she was promoted to her current role as Accounting Manager, where she clearly observes the impact of the Loan Fund's help. "When we got the loan from VCLF, my job was saved, and a handful of other important jobs were created," Michelle says. "It was definitely good timing for me and for Pulmac."



"If not for VCLF, our people would have been out of a job."

**— Pamela Cowan,
Pulmac Systems
International**

*Pulmac Systems
International's Williston
staff*

MOBILIZING CHANGE

Lamoille Housing Partnership & Evergreen Manor Mobile Home Park, Hardwick

Mobile homes are a significant and important segment of Vermont's housing stock...but they can be problematic. They depreciate steadily, and older units are notoriously energy inefficient. And, as so many Vermonters found out in 2011, they're vulnerable. "Vermont lost over 200 mobile homes in Tropical Storm Irene," notes Jim Lovinsky, Executive Director of the **Lamoille Housing Partnership**, which has worked for two decades to develop safe, affordable homes in Lamoille and Caledonia Counties.

Recently, another major shuttering seemed imminent, right in Jim's backyard. The **Evergreen Manor Mobile Home Park** in Hardwick, owned by LHP, leases lots to homeowners. Unable to afford the cost of rehabilitation or replacement of their aging homes, owners were abandoning them, leaving removal costs to LHP. LHP faced a tough choice: for insurance purposes, resident safety and ongoing financial stability, they could refuse sites to units over 20 years old. Or, with no prospect of breaking even, they would be forced to close Evergreen Manor entirely, leaving 32 families homeless.

Through collaborations with USDA Rural Development, the Vermont Housing and Conservation Board, Efficiency Vermont, the Vermont Community Development Program, Northern Border Regional Commission and innovative modular home builder VerMod, the best possible outcome was about to unfold.

VerMod builds state-of-the-art, energy efficient modular homes with affordable pricing. After removing abandoned units, LHP would fill vacated lots with 13 VerMod homes, rent them to income-qualifying tenants and preserve Evergreen Manor's housing stock in the high-need Hardwick/ Caledonia County area.

Steve Davis started VerMod in the aftermath of Tropical Storm Irene. "There was such a need," he recalls. Steve had worked in construction for years "trying to figure out how to create affordable high-performance homes," he says. Working with Efficiency Vermont and regional affordable housing developers throughout the state, VerMod created homes scoring high on energy efficiency, replacing homes swept away in the storm with 'net-zero' modular homes.

"Bigger projects like Evergreen have allowed VerMod to grow," Steve says, citing his 17 current employees. "Electricians, plumbers, heating guys, four sheet rockers, plus seven non-permanent hires we use pretty consistently," he adds.

With growth has come the opportunity to offer energy efficient housing to more lower-income families, something Steve says he's always been passionate about. "We're helping more people. Our homes are getting the best results Efficiency Vermont has ever given. And," he adds brightly, "we're actively training new workers."



VerMod construction underway



"We're helping more people. Our homes are getting the best results Efficiency Vermont has ever given. And we're actively training new workers."

– Steve Davis, VerMod





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RAISE A GLASS

Catamount Glass, Bennington

There's a very good chance you've been drinking (or cooking, or baking) with Alain Karyo and **Catamount Glass**. Alain and his wife Irene founded Catamount Glass in 1979 in North Bennington, starting with two employees (themselves) manufacturing glass cookware and laboratory supplies, with roughly \$35,000 in annual sales. Today, Catamount's 25 employees manufacture and sell \$2 million worth of glassware including custom-design pieces to high-profile restaurants and retailers including Chez Panisse, Crate & Barrel and Williams-Sonoma.

The Karyos first contacted VCLF in 2010 for a line of credit to purchase raw materials and refinance existing debt, all of which Alain credits with helping build the business. "VCLF is great for small businesses to work with. They assist with everything you need, and they're more flexible than traditional banks," he says.

The Karyos' son Adam came on board in 1995, bringing new ideas, such as a new way to utilize their famous barware. Catamount began producing growler bottles to showcase Vermont beers, which led to the

Karyos returning to VCLF in 2014 for a construction loan to convert their headquarters' old boiler room into the Taphouse at Catamount. This October, a full restaurant menu was added, along with additional staff, including Taphouse Manager Whitney Packer.

Whitney was a substitute art teacher at the Emma Willard School looking for additional work when she spotted the new Taphouse, just across the street from her apartment. She met the Karyos and it clicked. She's loved learning about craft beers and wines, has taken on managing, marketing and branding, and is hungry for more. "I love that Catamount is able

to support the Vermont breweries who purchase our bottles," she says. "It's a very symbiotic relationship: beer needs a glass, and a glass needs beer!"

"We keep coming back to the Loan Fund because we want to keep money in Vermont," says Alain. "VCLF reinvests in Vermont, which helps create more jobs in Vermont. We want to be a part of that."

