

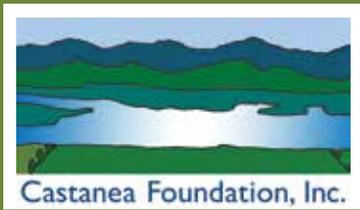


Castanea Foundation, Inc.

Innovations in Land Conservation & Agricultural Viability

2009-2011





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MISSION STATEMENT:

Castanea Foundation was established to conserve and protect agriculturally productive and environmentally significant land and water resources in select areas of Vermont and New York. Castanea develops and supports projects designed to conserve the environment and the working landscape by protecting land, and fostering economically viable, environmentally sustainable agricultural practices.

GEOGRAPHIC FOCUS:

Castanea Foundation operates throughout the State of Vermont, with priority given to projects in the watershed of Lake Champlain, southwestern Vermont, and the Hoosic River and Batten Kill watersheds of Vermont and Washington and Rensselaer Counties, New York. Castanea works collaboratively with landowners, business entities, and publicly supported state and local organizations to achieve its goals.

*Castanea Foundation, Inc., is a 501(c)(3) nonprofit,
private operating foundation*

Welcome

Ever since Castanea Foundation was formed in 2005, we have strived to conserve important agricultural and environmental resources in Vermont and neighboring areas in New York. We do this work by acting as a catalyst: responding rapidly to opportunities that might not be realized were it not for our support, being nimble in our approaches depending on the situation at hand and working collaboratively with trusted partners.

We have learned a lot in the past six years, including the fact that there is no “magic bullet” or single approach to furthering our mission. Each challenge we seek to address is unique, requiring us to take an interdisciplinary approach across a broad range of disciplines, such as the agricultural sciences, business planning, finance, and law. (A dose of just plain hard work comes in handy, too.) Our goal is to be the glue that brings disparate fields together to enact positive change—one project at a time. This report describes some of the challenges we have faced and the lessons learned.

Joining us in this learning process have been our partners: farmers and landowners, agricultural business owners and non-profit, governmental and educational organizations, all of whom share our commitment to conserving our region’s working landscape and supporting agricultural viability. At the end of the day, it is not our work but the efforts of our partners that inspire us and make success happen. We are grateful for your tireless efforts in support of our shared vision.

In spite of the current economic downturn and the budget pressures on governmental and non-profit organizations, as well as the myriad environmental and social challenges facing our region, we are particularly optimistic about the future of agriculture here. There is a fundamental shift underway in the minds of consumers, policy makers and members of the public, many of whom are now deeply interested in supporting local farms, purchasing wholesome food and supporting sound land and animal stewardship practices. We believe this shift will continue to open doors for farm entrepreneurs, create economic opportunities for agricultural businesses and lead to a more environmentally and economically sustainable future for the region’s rural communities.

Thank you for joining us on our journey and supporting us in our mission.

— *Tim Storrow*
Executive Director

Land Conservation

Castanea’s land conservation initiatives are rooted in a concern for productive soils, clean water, viable farms, meaningful jobs and vibrant, regional, resource-based economies. Protecting valuable farmland and natural resources from development in order to create or safeguard all of the above has been at the core of Castanea’s mission since our inception and continues to be critical to keeping agriculture thriving in our region.

The conservation of agricultural resources is imperative: once a tract of prime farmland has been developed, it cannot be replaced. According to the Vermont Farm to Plate Strategic Plan, nearly 41,000 acres of agricultural land in Vermont was converted to non-farm uses between 1982 and 2007. The good news is that through decades of strong leadership from Castanea’s partners, including the Vermont Land Trust, Vermont Housing and Conservation Board, Agricultural Stewardship Association, and many other land conservation organizations, private foundations and private citizens, approximately 500,000 acres in Vermont and more than 10,000 acres in New York’s Washington and Rensselaer Counties have been permanently conserved for the benefit of future generations.

Conserving land and farms is only part of

the challenge, however. The larger hurdle is to transition these conserved properties to new farmers or to the next generation of the current owners. For this reason, Castanea focuses its efforts on environmentally significant farm properties that are clearly in transition due to factors such as the owner’s age, a retirement, financial stress or an estate settlement. With a tolerance for risk, we will purchase the farm, identify new owners, conserve the property with our local conservation partners and sell the property at values that reflect its agricultural potential. By so doing, we not only conserve the land but create opportunities for the next generation of farm owners to implement their vision for the future.

Another approach we have found to be effective is to serve as a financial bridge for landowners seeking to conserve their land through state-run farmland protection programs. These programs pay the landowner for their “development rights” in order to permanently protect the property and make the land more affordable for farmers. These programs often take up to two years or longer from the time of application to funding approval and closing. By offering low-interest loans to landowners who need to transition the farm before the public funding is available, we are able to make projects happen that might otherwise flounder, and more

Houser Farm,
Easton,
New York



agricultural land is kept in use. A key partner with Castanea in this effort is the Vermont Agricultural Credit Corporation, within the Vermont Economic Development Authority, which in some instances can originate these loans and package them with their own financing programs.

Castanea's current conservation efforts have been concentrated in specific geographic areas in order to focus our impact and create large blocks of protected agricultural land. These areas include the Mettawee Valley in Vermont and the Batten Kill and Hoosic River Corridors in New York. In selected instances we work to protect important farms elsewhere in Vermont. The following pages describe the innovative partnerships in Vermont and New York that Castanea has been proud to be a part of.

VERMONT LAND CONSERVATION

Brown Farm

Pawlet, 276 acres

When Homer Brown decided it was time to sell the farm that had been in his family since the 1940s, he was hoping his nephew, and neighboring dairy farmer, Scott Cleveland could continue farming the acreage. Homer needed funds for retirement and faced a potentially huge capital gains tax from the



**Homer Brown
and Scott
Cleveland**

“Occasionally outstanding resources are lost to conservation because sellers, executors, or family members are impatient. Castanea Foundation’s recent work in the Mettawee Valley has provided several critical, financial steppingstones that allow precarious deals to cross the harrowing interval between crisis sale and conserved farm.”

— Donald Campbell,
Vermont Land Trust’s Regional Director,
Southwest & Mettawee Valley

sale of the farm. Scott wanted the land but not the house, and the whole project needed to be financed over time to make the transition work.

Located in the heart of the Mettawee Valley, the Brown Farm consists of more than 100 acres of excellent tillable land, 60 acres of pasture, and diverse areas of wetlands and woodlands, along with a farmhouse, barn and outbuildings. In 2010, Castanea purchased the property in a structured transaction with the Vermont Land Trust. It established a charitable gift annuity that provides lifetime income to Homer and future support for the work of the land trust. The Vermont Housing and Conservation Board, Castanea and the John Merck Fund then all contributed funds to purchase a conservation easement on the land. The house was subdivided for resale, and Scott Cleveland and his family were able to add the conserved acreage to their farm at an affordable price to support their dairy operation.

McLellan Farm

Pawlet, 189 acres

Husband and wife Andy and India Burnett Farmer personify the energy and persistence of young people in agricultural careers today. In 2002, Andy founded Northeastern Vine Supply, a Vermont-licensed wholesale and retail nursery serving the northern United States with grapevines of the best cold hardy varieties. Andy and India were renting land in Rutland to propagate their grapevine stock for resale to vineyards around the U.S., but could not expand and further develop their business on the rented ground. For more than three years they searched for the right farm on which to expand their nursery, at which point the McLellan property came on the market in 2008.



Andy and India Burnett
Farmer of
Northeastern
Vine Supply

With help from the Vermont Farm Viability Enhancement Program, the aptly-named Farmers had a fully vetted and “bankable” business plan. Unfortunately, the price of the farm reflected its “estate value,” and the only way these young farmers could afford the property was to sell a conservation easement, with funding provided through the State of Vermont’s farmland protection program. Such a sale takes time—as long as two years for applications, appraisals, funding approvals and closing. A low-cost

loan from Castanea enabled the Farmers to purchase the property while they simultaneously applied to the Vermont Housing and Conservation Board to sell a conservation easement on the land. When the proceeds of the conservation sale were realized, the Farmers paid off the loan to Castanea, and today 70,000 vines of 20 different varieties of grapes are propagated and processed on the farm.

Mach Farm

Pawlet, 139 acres

The Mach Farm is located on scenic Route 30, just north of Pawlet village. Phil and Kay Mach own 675 acres on both sides of Route 30 and run a successful dairy operation that they hope to pass on to their daughter when they retire. In 2010, Castanea provided bridge-loan financing to assist the Machs in conserving 139 acres of prime agricultural land along the Mettawee River. The funds allowed the Machs to purchase the property in its entirety from other family members and secure the farm for future generations.

Covino Farm

Pawlet, 116 acres

When the Covino family put their property on the market in 2006, the local farm community was concerned that another piece of valuable farmland would be lost to development. Dick Hulett and his

Covino Farm,
Pawlet,
Vermont



son Rich had been renting the 116 acres of hay and crop land as an adjunct to their dairy operation, Deer Flats Farm, right next door. The land has many unique attributes, including prime agricultural soils and frontage along the Mettawee River and Wells Brook, a high-quality, cold-water stream. In 2007, Castanea purchased the land to prevent further development and keep the land in agricultural production. Castanea continued to rent the property to Deer Flats Farm and, in 2010, the Hulets were able to buy and protect the property with support from the Vermont Land Trust, John Merck Fund and Pew Charitable Trust.

Smokey House Center

Danby

The majority of the 5,000 acres that comprise Smokey House Center have been conserved from development and, as a result of their Farmland Lease Program, their large land base also has a good chance of remaining in agricultural production. The program was designed to populate the independent agricultural parcels on Smokey House land with farmers committed to sustainable farm practices. Starting in 2008, Castanea assisted Smokey House Center in protecting and transitioning one of its working dairy farms to a new young farmer, Caleb Smith, who currently milks a quality herd of Jersey cows. Castanea provided financial support to

Smokey House to upgrade the farmhouse and dairy barn which enabled Caleb to focus on purchasing the cows and starting the dairy. Castanea also worked closely with Smokey House to design a long-term lease with terms that secured tenure for the farmer and provided an equity fund as a way for the farmer to build equity through means other than land ownership. In the process, an additional 20 acres on the farm were conserved.

Leduc Farm

Shelburne/South Burlington, 143 acres

The 143-acre farm that straddles both sides of Cheese Factory Road had been in the Leduc family for over 100 years when Maurice Leduc finally decided it was time to retire the dairy operation. The Vermont Land Trust worked with the Leducs and the towns of Shelburne and South Burlington to raise funds to conserve the farm and transition it to new owners. In 2009, Adam Wilson and Corie Pierce purchased the property and the two business partners wasted no time in creating a place for the community to buy a diversity of foods such as grass fed beef, whole-grain and oven-baked bread, raw milk, specialty greens, pastured pork and free-range eggs. Part of the finance package involved the transfer of development rights under South Burlington's zoning rules. Castanea provided a loan to the Vermont Land Trust to conserve and transition the farm to the new owners and helped launch a project that would have been too expensive for one organization to handle alone.



Caleb Smith (left) with his herd of Jersey cows



Adam Wilson and Corie Pierce of Bread & Butter Farm with Maurice Leduc

“We were very fortunate that during a time when state farmland protection funding has been cut drastically the Castanea Foundation has made it possible for us to complete the protection of 1,790 acres and keep up the pace of conservation in Washington and Rensselaer counties. We were able to assist nine farm families and leverage alternative sources of funding as a result of Castanea’s involvement. We owe them a debt of gratitude for stepping up to the plate and demonstrating their commitment when times were tough.”

— Teri Ptacek, Agricultural Stewardship Association

NEW YORK LAND CONSERVATION

Conservation Easement Fund at the Agricultural Stewardship Association

As one of just a handful of land trusts in the nation dedicated exclusively to farmland conservation, the Agricultural Stewardship Association (ASA) has been a vital partner with Castanea in realizing our shared goal of preserving the working landscape and conserving critical agricultural land. ASA operates in New

The Quincy Farm (formerly known as Battleview Farm)



York’s Washington and Rensselaer Counties, supporting, implementing and advocating for farmland conservation. Recognizing the significant conservation role ASA plays in this region, Castanea initiated a Conservation Easement Fund to assist ASA in the preservation and transfer of the keystone farms described below.

Quincy Farm

Easton, 49 acres

Luke Deikis and Cara Fraver are representative of an exciting new generation of farmers who have benefitted from ASA’s ability to make farmland more accessible through support from the Conservation Easement Fund. The young couple had spent years looking for the right farm on which to start a diversified vegetable operation and they finally found what they were looking for in the Quincy Farm in Easton. With nearly 50 acres of fertile soils and extensive frontage along the Hudson River, the farm was the perfect fit for the sustainable farm they were hoping to create. Luke and Cara worked with ASA and, with funding support from Open Space Institute, Pew Charitable Trust, Castanea and community



The Denisons and their farm crew

members, they were able to conserve the land, thus making it affordable for them to purchase it. Situated across the Hudson River from the Saratoga National Battlefield Park, the farm will help ensure that the scenic, rural views from the Park will always be preserved.



Denison Farm

Schaghticoke, 164 acres

If you head south from the Quincy Farm to the town of Schaghticoke, the Denison family will be hard at work in their organic vegetable fields growing a wide variety of fresh food for hundreds of local residents. In 2005, the Denisons purchased the 164 acres of rich agricultural land, where the previous owner had started one of the first Community Supported Agriculture (CSA) farms in the region. The Denisons have expanded that CSA to more than 400 members and also sell at the Troy and Saratoga Farmers Markets. The Denisons were committed to warding off the pressure of growing development in the region and approached ASA for assistance in conserving the farm. With funding from a community fundraiser and a challenge grant from Castanea’s Easement Fund, the land is now assured of remaining in agriculture for years to come and is part of a cluster of other farms totaling more than 500 acres and protected by ASA and Castanea since 2005.

Breese Hollow Dairy

Hoosick, 170 acres

The Breese Hollow Dairy is a first-generation organic dairy, located adjacent to the 416-acre Stearns/Clark farm currently in the process of being conserved by ASA and Castanea. When David and Diane Phippen

purchased the land in 2003, they made a series of investments intended to convert the farm into an organic dairy and grass-fed beef operation. Old corn fields were replanted with perennial grasses, pastures were reconfigured and waterways were fenced for protection. The Phippens currently milk 60 to 70 grass-fed cows, raise all replacement heifers on the farm and provide all the forage needed for the herd. In addition to the dairy, the farm sells eggs, pastured poultry and grass-fed beef. Over the next few years, the Phippens plan to increase their herd numbers to expand both the organic dairy and the grass-fed beef operation. To help offset production costs and increase marketability, the landowners are exploring options to launch a value-added product with their milk. Organic cheeses, yogurts and butter are all being considered as possible items to be added to the current operation.

The Phippens pride themselves on being good stewards of the land and active members of the agricultural community. They understand that the day will come when they’ll have to stop farming and therefore want a plan in place to ensure the property will be conserved for agricultural uses.

They understand the impact that losing this land to residential development would have on neighboring farms that are currently being protected, as well as the impacts on the community and the natural resources of the fertile Hoosick River valley. Castanea is providing matching funds to ASA so that it can secure Federal Farm and Ranchland Protection funds to conserve the farm.

Houser Farm, Easton

302 acres

As longtime conservationists and founding members of ASA, the Housers spent well over a decade protecting their dairy operation in Easton through a series of gifts and bargain sales of conservation easements. Their Brotherhood Farm lines both sides of the scenic Route 40 corridor and comprises more than 1,030 acres. In 2009, with support from Castanea, they retired the development rights on the last 302 acres of their property, ensuring that the prime farm land will remain open and available for agriculture in perpetuity and helping create a block of more than 2,000 acres of conserved land with their neighbors in the Hudson Valley.

LandView Farm

White Creek and Eagle Bridge, 224 acres

In 2007, Richard White was in poor health, and just before his death, Castanea purchased his property consisting of 164 acres of fertile river bottom soils and upland tillable fields. The plan at the time of purchase was to apply for New York State farmland protection funding to conserve the property and aggregate it with other land owned by LandView Farms, which owns more than 600 acres and leases another 1,500 acres to support their dairy operation. Unfortunately, due to the state budget crisis, the funding was no longer available and Castanea needed to come up with another strategy. The new plan involved a grant of a conservation easement on the White property to ASA, and a like-kind exchange of the conserved land for a conservation easement on a 60-acre parcel of land owned by the LandView Farm along the Hoosick River in Eagle Bridge. By trading protected land for a conservation easement, Castanea was able to significantly add to the conserved lands in this priority conservation area. The Eagle Bridge parcel also became part of a string of protected land which, collectively, forms an important greenbelt along the Hoosick River.

LandView Farm along the Hoosick River in Eagle Bridge, New York



LandView Farm

Buskirk, 76 acres

Dairy farmer Roland Walker and his family at LandView Farm had been leasing the 76 acres of prime agricultural soils with extensive frontage along the Hoosick River when the owners needed to settle an estate and decided it was time to sell. The Walkers were eager to acquire the property and add it to their land base, but didn't have the available funds to purchase the land at its market value. Castanea stepped in, purchased the property and donated a conservation easement on the entire acreage to ASA. The Walkers currently lease the land and have an option to purchase the property at its conserved value from Castanea in 2012.

Agricultural Viability

Vermont's economy is closely linked to agriculture, but conserving prime agricultural and environmental resources is not enough if we are to expand on the exciting business opportunities available to Vermont agriculture. Farms must be economically viable and provide decent livelihoods to their owners if Vermont is to have a thriving working landscape. Fortunately, Vermont is blessed with excellent soils, ample water, innovative and hardworking farm entrepreneurs and proximity to millions of consumers in the Boston and New York City metro areas—all essential ingredients for a sustainable agricultural industry.

Significant challenges abound, however. In particular, value-added processing infrastructure can mean high capital costs and low margins along with the demanding task of producing a high-quality product consistently day after day. These factors make it difficult for our smaller-scale farm entrepreneurs to generate investment returns sufficient enough to attract investment capital. Nevertheless, we are convinced that long-term, patient capital is crucial to the evolution of the agricultural industry in Vermont, but organizing this capital is a daunting and challenging task for many businesses. Castanea's strategy has been to target our resources toward agriculture-related infrastructure development projects that offer the potential to help numerous farms. Our particular interests are focused on specialty cheeses, meat processing and the support of research and development for local

"The Vermont Food Venture Center, a program of the Center for an Agricultural Economy, recently open in Hardwick and is now ready to support food-based entrepreneurs. The Castanea Foundation has actively supported the many steps leading to its opening, especially providing the support and encouragement to CAE to work with regional farmers to increase their access to value-added, food processing at the VFVC."

— Monty Fisher, Executive Director,
Center for an Agricultural Economy

grain production, farmers' markets and a variety of technical assistance programs for both farms and farm-related businesses.

Below are some of the major projects Castanea has undertaken to advance the sustainability of agriculture in Vermont.

Vermont Food Venture Center

Hardwick

A run-down building and outdated equipment were the impetus for the Vermont Food Venture Center (VFVC) to start a campaign to expand and relocate its shared-use, food-processing business incubator and commercial kitchen from Fairfax to Hardwick. After years of planning and fundraising, construction of the new 15,000 square foot building was completed in the summer of 2011 and the new and improved VFVC opened its doors for business. The facility is owned and operated by the Center for an Agricultural Economy (CAE), a non-profit organi-



Volunteers processing food for school lunch programs at the Vermont Food Venture Center

Members of Vermont Businesses for Social Responsibility celebrate the opening of the Vermont Food Venture Center



zation dedicated to supporting a sustainable agricultural industry in the Northeast Kingdom of Vermont.

Former clients of the Fairfax facility, such as Chuck Wasach of The Mapled Nut Company, were happy to follow the VFVC to Hardwick and have begun using the space for their food businesses. New clients, like beef producer Helm Notterman, who is storing product in the new freezers, are also eager to take advantage of the facility to start new value-added initiatives.

Unique to the Hardwick site is 2,000 square feet of space that was designed in partnership with the Cellars at Jasper Hill to support the expansion of farmstead cheese making in Vermont. As the tenants of this portion of the facility, the Cellars plans to develop new products and train and incubate new cheese makers in the production of high-quality Vermont farmstead cheese.

In 2008, Castanea provided funding support for the architectural and engineering work for the new building. Another grant in 2010 assisted staff from the CAE to work on preconstruction and development strategies for the facility. Funding from various federal, state and private sources was secured to complete construction, and a donation initiative enabled VFVC to acquire a range of food processing equipment from major food businesses. In 2011, Castanea provided a significant grant to CAE to assist in the start-up and operation of the VFVC.

A farm stand at the Capital City Farmers' Market in Montpelier, Vermont



NOFA Vermont – Farmers' Market Mini Grants Program

With Vermont leading the nation in direct sales of agricultural products, the state has taken full advantage of farmers' markets, where the vast majority of farmer-consumer transactions take place. Starting in 2009, a three-year funding commitment from Castanea enabled NOFA Vermont to create and administer the Farmers' Market Mini Grants Program. Grants of up to \$5,000 have gone to markets around the state to support a variety of projects, including promotion, advertising, management and infrastructure. In order to further strengthen farmers' markets throughout the state, all of the markets that received funding were required to engage in strategic and business planning, and demonstrate the ability to meet their goals.

Vermont Farm Viability Enhancement Program: Implementation Grants

The high risks associated with farming make business planning a necessity for farmers hoping to remain viable. The Vermont Farm Viability Enhancement Program at the Vermont Housing and Conservation Board works with farmers to provide business planning services that will ensure maximum efficiency and profitability for their farms. In 2008, Castanea made a three-year commitment to provide matching funds (with the applicants providing the match) to support farms in their direct implementation of projects in their business plan. The program was also expanded to include support for agriculture-related businesses, such as meat and grain processors, to upgrade equipment and put in place new processes to expand capacity and develop new markets. Additional funding from the John Merck Fund and USDA provided VFVEP the opportunity to conduct a program evaluation and develop an analysis of the economic impact of the program's investments. The results from this evaluation are clear: modest grant funds can stimulate and leverage considerable private investment and directly improve the economic success of farms and farm businesses.

Vermont Agricultural Development Program

After engaging in an intensive planning process to identify possibilities for leveraging agricultural businesses in Vermont, a consortium

of organizations launched the Vermont Agricultural Development Program (VADP) to provide comprehensive development services to the most promising agricultural businesses. The VADP was born in 2011 through a collaboration between the

Vermont Sustainable Jobs Fund, Vermont Agency of Agriculture and Vermont Housing and Conservation Board. A program director was recently hired, and their work will be to facilitate more efficient, timely growth of key agricultural businesses that have the potential to make a significant impact on Vermont's overall agricultural economic development. Along with other private and public supporters, Castanea provided funding to assist in the development and launch of the VADP.

Vermont Sustainable Jobs Fund

Flexible Capital Fund, L3C

The Flexible Capital Fund is the first of its kind in Vermont, offering companies in agriculture, forest products, renewable energy and pollution control and waste management financing alternatives to grow their businesses. The Flexible Capital Fund (FCF) was created to take on higher financing risks in an intentional and strategic manner by using creative financing mechanisms to allow businesses to leverage additional financing without impacting ownership structure or constraining cash flow. Castanea provided a grant to VSJF to assist in the development and launch of the FCF, as well as a program-related investment to help capitalize the fund.

Highfields Center for Composting (HCC)

Hardwick, Vermont

The premise of Highfields Center for Composting's Close the Loop Campaign is derived from basic Yankee ingenuity: take a liability—food waste—and turn it into an asset—fertile soil for growing food. HCC's goal is to build infrastructure



Vermont Farm Viability participants, Patricia Scholten and her son Danny of Scholten Family Farm in Middlebury, Vermont.

and collection systems to process all of Vermont's organic waste for agricultural use by implementing community composting systems around the state. Once established, these programs are designed to be economically self-sustaining and to directly help farmers build composting capacity on their farms, thus diversifying farm income and securing critical



Hudak Farm, St. Albans, Vermont

nutrients for building farm soils. The benefits of this type of alternative waste management system are numerous, including a reduction in the amount of organic material dumped in landfills and mitigation of nutrient contamination in Vermont’s water resources. Castanea provided a grant to HCC and a loan guarantee to Vermont Community Loan Fund to complete the Close the Loop composting infrastructure at the Hudak Farm in St. Albans and has pledged a matching grant to assist in the relocation and expansion of its compost production and research facility from Hardwick to Wolcott.

Vermont Institute for Artisan Cheese

University of Vermont

As the nation’s only center dedicated to the advancement of artisan cheese, UVM’s Vermont Institute for Artisan Cheese (VIAC) is leading the country in providing education, training and research in the safe development of farmstead cheese production. While cheese enthusiasts from around the country come to UVM to take advantage of VIAC’s services, the growing number of cheese makers in Vermont have also been able to glean benefits from the Institute’s knowledge base. Vermont boasts the highest number of artisan cheese makers per capita and is uniquely positioned to significantly increase the size of its artisan cheese industry. VIAC’s commitment to food safety and risk reduction is an invaluable resource for the state’s farmstead cheese makers as the sector continues to grow. In 2011, Castanea provided a grant to VIAC to assist Vermont cheese

makers in developing protocols for reducing the risk of pathogens at their facilities.

Farm Camp

Shushan, New York

As Mike Yezzi and Jen Smoltz of Flying Pigs Farm found themselves hosting visits from more and more of their customers from New York City who wanted to learn about agriculture and food production, they saw an opportunity to meet the needs of chefs, green market managers and local food fans downstate and spread the word about the thriving food system in their region. Thus, Farm Camp was born. Over the course of a weekend, Farm Camp participants are exposed to an intense experience of all aspects of food production, ranging from collecting eggs and killing chickens, to touring a local slaughterhouse, to listening to local agricultural leaders speak about food production and farmland conservation initiatives. Castanea provided a grant in 2010 to assist a Farm Camp session with its educational program.

Program Related Investments

Castanea has found the use of program-related investments (PRI’s) to be an effective tool for the foundation to achieve its goals of conservation and farm viability. By making capital available to businesses that are working to advance the protection of the environment and agriculture, Castanea has been able to leverage significant private funds for higher value projects. All of the PRI’s that Castanea has undertaken have been strategically chosen to benefit multiple farmers, support the conservation of natural resources and educate the public so as to maximize the impact and advance agriculture as a whole. Below are updates on a few of Castanea’s major PRI’s.

Vermont Livestock Slaughter & Processing Company

Ferrisburg

Lack of timely access to quality meat processing services presents a serious bottleneck to livestock producers interested in expanding their farms. In 2007, after fires wiped out two meat processing facilities in the region, Castanea purchased a meat processing plant that had been used by the Clark family to kill and process livestock for the previous 30 years. Today, Vermont Livestock Slaughter and

Cheese making at the Vermont Institute for Artisan Cheese at the University of Vermont, Burlington, Vermont





Processing Co., LLC (VLSP) operates a full-service, USDA-inspected slaughterhouse and meat processing facility at the site. The company currently processes approximately 1,000 head of beef, 1,500 hogs, and 400 sheep/goats annually for a variety of clients, including both small-scale farmers finishing a few head each year and commercial producers needing to have multiple animals processed on a regular basis to supply their markets. Working with the Burlington Schools, VLSP recently completed a trial production run to provide local ground beef to the school's food service program. Castanea is currently exploring an expansion of the facility's production capacity in order to meet the growing demand for local meat.

In 2010, VLSP voluntarily submitted to a review by Animal Welfare Approved (AWA), a project of the Animal Welfare Institute, a non-profit organization dedicated to farm animal welfare. VLSP received certification compliance by adhering to the AWA requirements for humane pre-slaughter handling, which include the American Meat Institute Recommended Animal Handling Guidelines. VLSP is a leader in the promotion of humane livestock handling, as well as the training and mentoring of people interested in learning the trade. The development of a skilled meat processing workforce, trained in all aspects of food safety, animal welfare and quality service, will be necessary for the Vermont livestock industry to grow.

Cellars at Jasper Hill Greensboro

Brothers Andy and Mateo Kehler at Jasper Hill Farm and the Cellars at Jasper Hill have a bold vision for ensuring the successful future of Vermont dairy: increasing the number of farmstead cheese makers. Castanea's investment in the Cellars in 2008 helped the Kehlers construct a state-of-the-art cheese aging facility with seven

underground vaults in which to age farmstead cheese. Since that time, the Kehlers have completed building the infrastructure and are aging and marketing cheese for a variety of farms. By providing aging, finishing and marketing services for farmstead cheese makers, the Cellars at Jasper Hill allows producers to focus on operating their farms and producing quality milk. The Cellars currently collaborates with Cabot Creamery, Scholton Family Farm, von Trapp Farmstead, Landaff Creamery, Ploughgate Creamery and other cheese makers throughout Vermont. They are also working with several local dairy farmers to increase the supply of milk for increased production of their Jasper Hill Farm cheeses. Jasper Hill is a strong partner with the Vermont Institute for Artisan Cheese and French dairy consultant Ivan Larcher, who provides cheese makers with a host of technical and educational services ranging from recipe development to equipment design to food safety.

**Alan Cushing
of Vermont
Livestock
Slaughter &
Processing
Company,
Ferrisburg,
Vermont**



**A cheese vault
at the Cellars
at Jasper Hill,
Greensboro,
Vermont**

Dave and Barbara Rochat, owners of Vermont Quality Meats



Vermont Quality Meats

Rutland

Vermont Quality Meats (VQM) originated as a cooperative launched by a group of livestock farmers in 2000 to create a steady market for Vermont raised meat. In 2006, Castanea purchased a building in Rutland to lease to VQM in order to give it an operational and distribution headquarters. Over time, the organizational structure of the cooperative proved challenging to maintain, so member farmers Dave and Barbara Rochat took over the business in 2008 and turned VQM into a private company. Today, VQM is a growing enterprise purchasing fresh, all-natural meat, pork, goat, veal, lamb, poultry, rabbit, eggs, artisan cheese and vegetables from dozens of farmers around the region and delivering to restaurants and high-end markets in Boston and New York.

a seed-saving hobby for founder and owner Tom Stearns in 1996 has grown into a solid business with a steady growth in annual sales. The company's commitment to growing and supplying farmers with top-quality organic seeds has led to a winning business model and made the company an important resource for building a thriving and healthier regional food system. In addition, Tom is a national leader in the sustainable agricultural movement, and through High Mowing hosts educational and technical service programs for growers and the public throughout the region.

High Mowing Seeds

High Mowing Organic Seeds

Wolcott

Rapid growth and soaring demand in the marketplace were the drivers for High Mowing Organic Seeds to raise working capital in 2007. Castanea welcomed the opportunity to invest in a successful Vermont agricultural business on the rise. What started as



Other Grants And Partnerships

2009: Northern Grain Growers Association, University of Vermont, Burlington, Vt. Funds to purchase equipment for use in research on, and development of, grain growing in Vermont.

2009: Vermont Sustainable Jobs Fund, Montpelier, Vt. Grant funds to support the Farm to Plate Strategic Plan initiative in Vermont.

2009: Vermont Agency of Agriculture Food and Markets, Montpelier, Vt. Grant to assist in convening producer information sessions for the “Taste of Place” feasibility study for artisan cheese making in Vermont.

2009: Food Works at Two River Center, Montpelier, Vt. Grant funds to support the construction of a commercial root cellar to increase year-round storage capacity for farmers.

2009: Vermont Land Trust, Montpelier, Vt. Grant funds to VLT’s Farm Access Program to assist in the conservation and transfer of farms in Vermont.

2009: Apple Processing Equipment, Shoreham, Vt. Purchase and lease of apple processing equipment for use by Champlain Orchards.

2010: American Farmland Trust, Saratoga Springs, NY. Grant Funds for further research and educational outreach for farmland protection in the Hudson Valley.

2010: Brattleboro Area Farmers’ Market, Brattleboro, Vt. Grant funds for infrastructure improvements to the market site.

2010: Slow Money, Brookline, Mass. Grant funds to sponsor Slow Money’s National Gathering at Shelburne Farms, Vermont.

2010: Intervale Center, Burlington, Vt. Grant funds for upgrades to Intervale Center’s Farms Program shared-use irrigation system.

2011: Vermont Council on Rural Development, Montpelier, Vt. Grant funds to assist in implementing key policy and program goals to advance the conservation of Vermont’s working landscape.

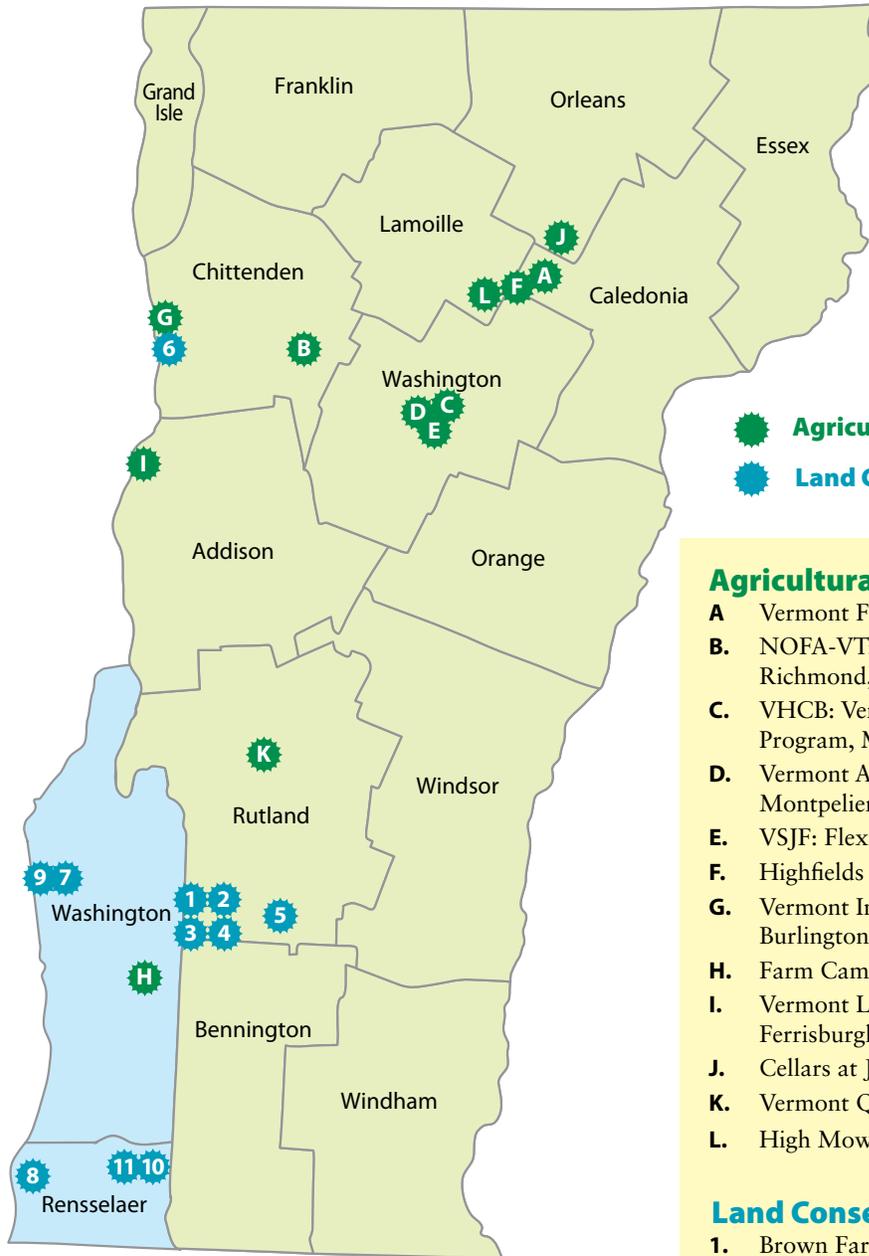
2011: Capital City Farmers’ Market, Montpelier, Vt. Grant funds to assist the market in relocating to a secure and permanent venue.



UVM’s Heather Darby (far right) and farmer Jack Lazor (second from right) in a heirloom research wheat field

Castanea Foundation Land Conservation and Agricultural Viability Projects

Vermont and New York



-  **Agricultural Viability Projects**
-  **Land Conservation Projects**

Agricultural Viability Projects

- A** Vermont Food Venture Center, Hardwick, Vt
- B.** NOFA-VT: Farmers Market Grants Program, Richmond, Vt
- C.** VHCB: Vermont Farm Viability Enhancement Program, Montpelier, Vt
- D.** Vermont Agricultural Development Program, Montpelier, Vt
- E.** VSJF: Flexible Capital Fund, Montpelier, Vt
- F.** Highfields Center for Composting, Hardwick, Vt
- G.** Vermont Institute for Artisan Cheese, Burlington, Vt
- H.** Farm Camp, Shushan, NY
- I.** Vermont Livestock Slaughter & Processing, Ferrisburgh, Vt
- J.** Cellars at Jasper Hill, Greensboro, Vt
- K.** Vermont Quality Meats, Rutland, Vt
- L.** High Mowing Organic Seeds, Wolcott, Vt

Land Conservation Projects

- 1.** Brown Farm, Pawlet, Vt
- 2.** McLellan Farm, Pawlet, Vt
- 3.** Mach Farm, Pawlet, Vt
- 4.** Covino Farm, Pawlet, Vt
- 5.** Smokey House Center, Danby, NY
- 6.** Leduc Farm, Shelburne/South Burlington, Vt
- 7.** Quincy Farm, Easton, NY
- 8.** Denison Farm, Schaghticoke, NY
- 9.** Houser Farm, Easton, NY
- 10.** Walker/Buskirk, Hoosick, NY
- 11.** Walker/White, White Creek & Eagle Bridge, NY



Acknowledgements and Partners

Agricultural Stewardship Association
American Farmland Trust
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John Merck Fund
New York Department of Agriculture and Markets
Northeast Organic Farming Association of Vermont
Pew Charitable Trust
University of Vermont
Vermont Agency of Agriculture Food and Markets
Vermont Community Loan Fund
Vermont Economic Development Authority
Vermont Food Funders Network
Vermont Housing and Conservation Board
Vermont Land Trust
Vermont Sustainable Jobs Fund

This report is dedicated to Jamie Cherington, whose steadfast commitment and deep appreciation for the working landscape left a significant and lasting impact on our region and provided an inspiration to us all.



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