Giving It Up

Terry Pomerleau grew up eating breakfast and dinner most days with his grandfather, the late Burlington real estate tycoon Antonio Pomerleau. As a teenager, he chauffeured the shopping-mall developer and philanthropist from meeting to meeting and heard every story and aphorism a thousand times.

“My grandfather always said that you have to do what you love. You have to be passionate about it. Doesn’t matter if you work with a pick and shovel,” the 31-year-old grandson said last week at the Humane Society of Chittenden County in South Burlington.

Dressed in jeans and a button-down shirt, Terry bared his left forearm. “So after his passing,” he said, referring to his grandfather’s death in February at age 100, “I got a pick-and-shovel tattoo to remind me, every day, that you have to do what fulfills you.”

What fulfilled the elder Pomerleau was cutting real estate deals and, later, writing seven-figure checks to Vermont nonprofits. What fulfills Terry, one of Tony’s 13 grandchildren, is working for one of those charitable organizations.

Last November, after stints at Pomerleau Real Estate, a Volkswagen dealership and as a potter, he moved from the local humane society’s board of directors to a full-time position as its development manager. Now he shares a small office with another staffer and a gray-and-white rescue kitten named Tyler.

Though Terry no longer works out of the family firm’s iconic Greek Revival headquarters overlooking Lake Champlain, he sees himself as carrying on the philanthropic legacy of his famous forebear. In addition to his day job at the humane society, Terry serves on the board of the Greater Burlington YMCA, which has received millions of dollars from the Pomerleau family over the years.

“My grandfather raised me not to take over the company but to take over the impact that he has helped make on the community,” Terry said.

While the Pomerleaus are no ordinary Vermonters, their experience reflects a broader trend: Millennials born in the 1980s and ’90s are increasingly dependent on the whims of fewer, larger donors. (See accompanying profiles.)

According to Giving USA, an annual report by the Indiana University Center for Philanthropy, Millennials have a much higher degree of distrust of institutions generally, and they have very little loyalty,” Zachai said.

Such developments pose a threat to Vermont’s $6.8 billion nonprofit sector, which has long relied on direct mail, capital campaigns and fundraising events to pay for the critical services it provides. “I think everybody is nervous about trends in giving,” said Vermont Community Foundation president and CEO Dan Smith. He advises nonprofit leaders to “be prepared for change.”

The change isn’t just generational.

Vermont’s nonprofit leaders worry that new federal and state tax laws could reduce financial incentives for major charitable giving. They question whether increasingly popular philanthropic tools, such as bank-affiliated “donor-advised funds,” could steer money out of state. And they wonder how to harness the continued growth of online giving as other fundraising mechanisms become less effective.

Most worrisome is that while charitable giving has increased nationally in recent years, the percentage of people donating has declined. “So philanthropy is becoming more and more elite,” said Dan Parks, managing editor of the Chronicle of Philanthropy. It’s also becoming less stable for nonprofits, because they’re increasingly dependent on the whims of fewer, larger donors. (See accompanying profiles.)

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I THINK EVERYBODY IS NERVOUS ABOUT TRENDS IN GIVING.

DAN SMITH

Aggie Sweeney, who chairs the Giving USA Foundation, attributes some of the shift to growing income inequality. Particularly since the start of the Great Recession a decade ago, many families that used to set aside money for philanthropy can no longer afford to do so.

“The hypothesis is that there are trends around debt, whether it's student debt or credit card debt, which affects financial security, making people less comfortable with the possibility of giving,” explained Smith of the Vermont Community Foundation.

Meanwhile, Vermont nonprofits have lost out on some reliable corporate contributions. When GlobalFoundries acquired IBM’s Essex Junction plant in 2015, it put a halt to a generous employee match program that sent nearly $1 million annually to local nonprofits. The United Way of Northwest Vermont, a major beneficiary of that funding, has since pulled back its grant-making.

Along with threats, there are also opportunities — particularly for nonprofits that respond and adapt to changes in philanthropy. The Vermont Foodbank has focused on growing its digital presence in recent years and even launched a “peer-to-peer” fundraising tool modeled after popular crowdfunding platforms, such as GoFundMe. The Vermont organization saw a 36 percent increase in online giving in 2017, according to Sayles.

“In some ways, I think that crowdfunding is a way to engage people in philanthropy and giving,” he said.

While young people have limited means, Terry Pomerleau said, they’re more likely to donate their time and energy to nonprofits. As he toured the humane society’s busy facility — and greeted a pair of Scottish fold cats named Mr. Yin and Mr. Yang — he noted that the organization is run by 18 employees and 207 volunteers. “My grandfather used to say, ‘Giving money is easy. Giving time is hard,’“ he said.

Terry expressed confidence that his generation would eventually give its time and its money to charity. “I hope that millennials and younger step up, because it’s on our shoulders,” he said. “If we don’t, no one else will.”

Who Gives?

Vermont is home to more nonprofits per capita than just about any other state, and it boasts one of the nation’s highest rates of volunteerism. But according to the Chronicle of Philanthropy, its residents give less to charity than those in all but four other states.

In 2015, according to the Chronicle’s “How America Gives” report, Vermonters who itemize their tax deductions donated an average of $3,701. Mainers, who ranked last, gave $3,071, while Wyomingites, the most generous, gave $11,163.

These rankings don’t reflect grassroots giving by lower-income individuals, because the Internal Revenue Service only tracks donations made by the roughly 30 percent of filers who itemize rather than take the standard deduction. Itemizers tend to be wealthier.
But, still: Why is Vermont ranked so low? A couple of possibilities: Those at the bottom of the list, such as Rhode Island ($3,092), New Hampshire ($3,313) and Hawaii ($3,650), feature high costs of living and low rates of religious observance. Those at the top, such as Utah ($9,621), Arkansas ($9,512) and Tennessee ($8,433), are quite the opposite.

According to Sweeney of the Giving USA Foundation, there’s a clear correlation between religion and philanthropy — and not just because the observant are expected to tithe. “Many families and individuals learn about giving through their faith community,” she said. “We see that those who are donors to faith communities are actually more likely to give to secular causes, also.”

While middle-income itemizers in Vermont give far less per capita than other Americans, Vermonters earning more than $200,000 a year are closer to the national average, according to the Chronicle analysis.

That’s consistent with what Vermont fundraising consultant Tere Gade has noticed in her work helping nonprofits raise money. In recent years, she said, there has been “a softening in the mid-tier donors,” which she defines as those who commit to donate $25,000 to $75,000 over five years. What used to look more like a pyramid of donors, with the wealthiest on top, “is getting to look more like an hourglass.”

Gade attributed some of that pullback to the “psychological poverty” even comfortable Vermonters feel in the face of national and global political changes; their fears, she said, dampen their willingness to give. (On the flip side, according to the Chronicle’s Parks, President Donald Trump’s administration has inspired new giving to abortion rights, civil liberties and media organizations.)

Of the $289 million that Vermont itemizers donated to charity in 2015, according to the IRS, more than a quarter, or $81 million, came from 450 Vermonters who earned more than $1 million that year.

The wealthiest don’t just reach into their own pockets. Some control tax-exempt foundations funded by themselves, their families or their businesses. According to Seven Days’ Vermont Nonprofit Navigator, 315 local 501c3 foundations reported combined assets of nearly $788 million in their latest filings with the IRS. While these organizations provide key support to Vermont nonprofits, they can also be fickle — as the interests of their founders and successors evolve.

One of the most prominent is the Lintilhac Foundation, a $19.8 million fund controlled by the heirs of Claire Lintilhac, the daughter of Canadian philanthropist and businessman in the chemical and insurance industries. Founded in 1975 to establish a midwifery program at the hospital now known as the University of Vermont Medical Center, its mission has since shifted from women’s health.

“One think we all feel that the foundation needs to follow in the direction of the skills and education and interests of the people running the foundation,” said Claire’s daughter-in-law, Shelburne resident Crea Lintilhac, who leads the granting enterprise with her husband, Phil, and their three adult children.

For Crea, who studied geology, and Phil, a plant science professor at UVM, that’s meant refocusing the foundation on water quality, renewable energy and conservation. Of the nearly $963,000 it donated in 2017, according to a foundation report, five-figure donations went to a slew of environmental advocacy organizations, including the Conservation Law Foundation and the Vermont Public Interest Research Group.

The Lintilhacs even spent $45,000 to support a visiting UVM professorship for former secretary of natural resources Deb Markowitz and $58,338 to fund environmental attorney David Grayck’s work on water quality and wildlife corridor land-use cases.

“Philanthropy is becoming more and more elite,” said Deb Markowitz, one of the people running the foundation, in a fundraising report.

“So they're attached to these organizations, and they call you and say, ‘We’re so sad that you’re not going to leave us.’”

“There are not many scientists who have private family foundations,” Crea said.

Rich Tarrant has a different philosophy about the foundation he created in 2005 with money from the $1.2 billion sale of his company, IDX Systems. He aims to spend it down and put the foundation out of business by 2044.

“My feeling is that when foundations and charities go on and on and the further they get away from the origination, the more likely they are to lose the value of the dollar and change their mission,” he said. “I think you need to buckle ‘em up sooner, rather than later.”

Why 2044? “Because I’ll be 98 then,” Tarrant said with a laugh. “I don’t want to wait to be 100 to get it done.” He’s making progress: In 2011, the Richard E. & Deborah L. Tarrant Foundation reported assets of nearly $12 million, according to an IRS filing. By 2016, they had dwindled to $6.6 million.

Tarrant still owns a house in Colchester but now lives in Hillsboro Beach, Fla., where Deborah serves as mayor. The vast majority of their giving goes to Vermont institutions, though the foundation donated to five Florida nonprofits in 2016.

Tarrant said he tries to run his foundation like a business, by maintaining a strategic focus on such priorities as education, workforce training and senior living. In 2016, it gave $65,000 to three Boys & Girls Clubs; $100,000 to UVM Medical Center; and $1.58 million to UVM, in part to fund a separate Tarrant Institute for Innovative Education.

“We don’t wait to see what shows up in the mail,” said Lauren Curry, who has served as executive director of the foundation since its founding.

Seventy-five-year-old Tarrant, who challenged Sen. Bernie Sanders (I-Vt.) in 2006, is just as explicit about what he won’t fund. According to the foundation’s website, it’s not interested in environmental or arts programs, nor “pro-choice or progressive political agendas.”

In Funds We Trust

When Todd Lockwood moved to Vermont in 1977, the 27-year-old photographer was careful to hide the fact that he was, as he puts it, a “trust-funder.” Lockwood’s grandfather, Herbert Kieckhefer, had made a small fortune in a family business that pioneered the use of cardboard in shipping. Kieckhefer also invented — and patented — the milk carton spout.

Lockwood used his inheritance, along with money he’d made on a real
estate deal, to build White Crow Audio, the iconic Burlington recording studio. But, for years, he refrained from making sizable donations to charity, because, he said, “I didn’t really want to let the cat out of the bag.”

“I think it’s a sense of sort of existential guilt,” he explained, “and there’s this fear that people are going to judge you based on that.”

Lockwood has since gotten over that fear and opened up his wallet. He suspects, however, that others like him donate less than they could — and he thinks that should change.

“My sense is that there’s a segment of Vermont with inherited wealth who are giving way below their means to charity,” the 67-year-old South Burlington resident said. “I think it’s because they’re trapped in social situations where it just wouldn’t be cool to even acknowledge that that money exists.”

Zachai, the Montpelier philanthropic adviser, works with many of the privately wealthy, who she insists give generously. “They want to be able to give back to their community and do the right thing and still be able to go to the grocery store and not have everybody know how much money they have and how much money they give away,” she said.

Others are perfectly comfortable with — or even relish — being recognized. During his decades of philanthropy, Tony Pomerleau made donations to the Burlington Police Department, Saint Michael’s College, the Greater Burlington YMCA and the Community Sailing Center that resulted in the naming of buildings after him and his family.

According to Terry Pomerleau, his grandfather believed that doing so would let other prominent community members know that “they need to do something.”

**CARL FERENBACH**

Young people aren’t the only ones experimenting with new ways of giving back. At 76 years old, Carl Ferenbach is still trying to figure out how to make the most change with the fortune he’s built.

A cofounder of the Boston-based private equity firm Berkshire Partners, Ferenbach and his wife, Judy, have spent time in Vermont since 1988, when they bought a farmhouse and 90 acres of land in Townshend. In 2000, he and real estate developer Rick Davis established the Permanent Fund for Vermont’s Children, which seeks to expand access to high-quality childcare. Four years later, Ferenbach founded the High Meadows Fund, which focuses on environmental and land-use issues.

In both cases, Ferenbach sought to relinquish control of the organizations and let others lead the way — an approach he had taken at Berkshire Partners, which he characterized as a ‘partnership and collaboration’ with no chief executive. “Nobody reigns,” he said. “That just worked for us. And so everything I did [in philanthropy] was informed by that experience.”

Ferenbach placed the Permanent Fund and High Meadows under the umbrella of the Vermont Community Foundation, which provides tax and management services and appoints a majority of the two organizations’ board members. Even so, he faux-complained. VCF was “slow to understand” that he really wanted to let go. “Eventually we got through to them,” he said. “A day will come when you guys have this thing, because we won’t be here. So we might as well make that day now.”

Ferenbach’s philanthropy doesn’t end with traditional 501c3s. He established a corporation called High Meadows Associates to buy and conserve Vermont farmland and then sell it for less to young farmers. Though technically a for-profit entity, its goal is not to make money — and it doesn’t.

Even Ferenbach’s personal investments are chosen with an eye on something other than the bottom line. He estimates that 15 to 20 percent of his assets are invested in experimental clean technology and energy ventures that could make money but could also crash and burn.

“For me, it’s just fun to understand what they’re doing,” he said.

As a lifelong investor, Ferenbach sees Vermont as an affordable place to “incubate” good philanthropic ideas to be replicated elsewhere. “A dollar goes about five times further here than it does in New York or San Francisco,” he said. “We can do things others can’t because it doesn’t take a huge amount of money to do them here.”

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**GIVING IT UP ➔ P.22**
G il Livingston spent more than a quarter century working at the Vermont Land Trust: one year as legal counsel, 16 as manager of land conservation, 10 as president. During his tenure, the Montpelier-based organization protected 350,000 acres across the state, Livingston shepherded countless projects, from saving backcountry ski terrain in Bolton to creating a 12-acre park at Burlington’s Cambrian Rise.

When last year he announced plans to leave, Livingston said he would not be involved in the search for his replacement. But he had trouble keeping out of it. “I confess that I’m a control freak. And so my desire for being involved was very high,” said Livingston. “You want to help shape how the organization goes forward, but frankly it’s a board decision.”

Leadership transition at nonprofits can be difficult, especially if the person stepping down has become synonymous with the organization’s mission. The individual at the helm plays a critical role in branding the nonprofit, building confidence that it is doing good work and managing donations responsibly. A change at the top can trigger a switch in public perception. It can also be disruptive inside the organization if a new executive director introduces a different management style or approach to fundraising.

It beats the alternative, though. Founders don’t live forever. Nonprofits that don’t plan for succession may jeopardize their survival. To avoid that, many of Vermont’s most iconic leaders are passing the baton to a new generation — or at least thinking about it.

Consultant Debra Howard of Hinesburg, who works with both nonprofit and for-profit executives and boards, said it’s hard to convince anyone to step away from his or her life’s work. It’scommon for leaders, especially founders, to “have mixed feelings about retirement,” she said. “They worry about whether the organization will do well without them.”

Also: “People don’t like to think about getting older ... about difficult transitions like that.”

When it finally happens, though, Howard recommends cutting the cord completely to instill confidence “that the organization is strong enough to thrive once that leader steps down.” She explained: “It’s not an easy thing to do, and a lot of leaders don’t do it very well.”

The best transitions are made when executives decide well in advance what their departure date will be “and they start working with their board and make sure they have strong leadership ... to be able to manage that succession and run a strong search to find a successor,” Howard said.

Then the executive should get out of the way, especially when it comes to the search itself. “If you are the outgoing person, you need to start letting go,” Howard said.

In the case of the Vermont Land Trust, the board hired a consultant and conducted a national search. Livingston offered advice on the list of candidates at the board’s request but noted wryly that it wasn’t uniformly accepted. “They actually interviewed people who I did not recommend,” he said.

Ultimately, the board hired an internal candidate, Nick Richardson, a vice president with a strong financial background. Although Livingston was a mentor while they worked together, Richardson said he never felt “anointed” and fully expected to face a competitive field of contenders. Livingston had no vote but enthusiastically supported the decision. The former executive director did not stay on the board — a common practice that Howard strongly discourages — and has made a clean break from the organization.

As Livingston put it: “Nick deserves full autonomy without some shadow following him around.”

In 2016, the Vermont Land Trust had revenue of $12.2 million and assets of $46.2 million, according to the trust’s Internal Revenue Service Form 990. Livingston’s total compensation was $154,124.

Now that he’s in the top job, Richardson said he’s exploring new directions beyond conservation of farms and forestland. For example, he wants to further develop a land trust program to encourage young farmers to take over operations from those retiring or selling out.

Richardson, who is 40, was significantly younger than most of the candidates for his job. Noting that age “describes but does not define him,” he counts himself in an emerging group of Vermont nonprofit leaders in their thirties or early forties.

“I feel like there’s a group of younger folks who are being given the opportunity to step into leadership in organizations throughout Vermont,” Richardson said. “As one of those folks, it’s really exciting to have a cohort of people that I can connect with.”

They include Jared Duval, who came on last year as executive director of the Energy Action Network in Montpelier; Shelby Semmes, hired this year as the Vermont/New Hampshire state program director for the Trust for Public Land in Montpelier; Dan Smith, president and chief executive officer of the Vermont Community Foundation in Middlebury since 2016; and Jesse Bridges, who last year became CEO of the United Way of Northwest Vermont in South Burlington.

Richardson said it’s nice to have same-age counterparts with whom he can discuss the ups and downs of leadership. “Having a group of people who are facing a similar set of challenges and responsibilities, who can be sounding boards” is “really helpful,” he said.

At the Preservation Trust of Vermont, 71-year-old Paul Bruhn is still in charge, long after many of his contemporaries have retired. He’s served as executive director since the Burlington-based organization was founded 38 years ago, helping communities preserve many important historic structures, including ornate theaters and rural general stores. The trust has also played a collaborative role in finding new uses for old buildings, and it has fought key battles against sprawl.

The affable Bruhn has no plans to leave but has worked with his board on a succession plan. Two plans,
In fact, “I do feel like most days I have the best job in Vermont,” said Bruhn, who has not decided how long he wants to keep working. “I don’t really think about it much. I really just think about the work we’re doing and being as effective as we possibly can.”

The first iteration of Bruhn’s succession plan, circa 2003, called for an interim director to lead the organization for up to a year after Bruhn retires, to create some breathing room. The interim director would not be a candidate for the permanent job.

The plan also recognized the need for financial stability so that the organization could be sustained without Bruhn’s charisma and connections. To that end, the trust successfully beefed up its endowment from less than $1 million to more than $5 million. It also created special cash reserves: One is to maintain the 115-year-old Grand Isle Lake House, which the nonprofit has owned since 1997; another is for the new director’s salary. The goal is to be able to “attract star candidates,” said Peter Brink, who has served on the trust’s board for 10 years and helped update the succession plan about five years ago.

Bruhn’s annual compensation is $153,466, according to the trust’s Form 990 filed for the 12 months ending September 30, 2016.

The plan clearly spells out the details of Bruhn’s exit: He’d be excluded from the hiring process and future board service. It’s an excellent template, Bruhn said.

At its broadest, it’s about what does it mean to be human, right here and right now; and who are the best thinkers to help us accomplish that,” Doyle said. “Our goal is to engage all Vermonters in the world of ideas.”

Gilbert, who was on vacation and not available for comment, has been equally comfortable talking on Vermont Public Radio about John Keats, Bob Dylan and D-Day as offering gentle corrections to nervous youngsters when judging the Vermont Scripps Spelling Bee. He was instrumental in moving the organization from its original location in Morrisville to Montpelier, where the council could better position itself for a statewide reach. Gilbert also established the First Wednesdays series that brings lectures on the humanities to communities across Vermont.

“Obviously, he’s a giant,” Brink said of Bruhn, calling his tenure “a magnificent run.”

What started with one part-time employee — Bruhn — has grown into a $1.8 million operation with two full-time and seven part-time staffers. In 2015, the Preservation Trust of Vermont had $8.5 million in assets.

If Bruhn ever did give notice, Brink suggested, ideally he’d hang around long enough to introduce the new person to the donors and other influential partners he has cultivated over the years: “I think those introductions and the transfer of credibility is really important.”

For now, the board remains happy to have Bruhn at the helm, Brink added: “They don’t feel that he’s heavy handed. They don’t feel that he’s tired or uncreative. They don’t feel that he’s holding on. Right now, everybody’s in a very good place.”

Change is imminent for another longtime director, at the Vermont Humanities Council. After 16 years steering the ship, Peter Gilbert announced earlier this year that he is retiring.

“We’re not going to be able to find a new Peter; he’s one of a kind,” said Ben Doyle, who serves on the board and is heading the search committee for a new director. Gilbert has played a key role in shaping a statewide conversation about the value of the humanities.

“At its broadest, it’s about what does it mean to be human, right here and right now; and who are the best thinkers to help us accomplish that,” Doyle said. “Our goal is to engage all Vermonters in the world of ideas.”

Gilbert, who was on vacation and not available for comment, has been equally comfortable talking on Vermont Public Radio about John Keats, Bob Dylan and D-Day as offering gentle corrections to nervous youngsters when judging the Vermont Scripps Spelling Bee. He was instrumental in moving the organization from its original location in Morrisville to Montpelier, where the council could better position itself for a statewide reach. Gilbert also established the First Wednesdays series that brings lectures on the humanities to communities across Vermont.

Even though the council is well staffed and in good shape financially, “it’s a big deal to find somebody who’s going to be the face of the organization and guide it forward,” said Doyle.

The council hired a New Hampshire consultant to help with recruitment. Board members also interviewed their counterparts at other Vermont nonprofits that have recently gone through leadership transitions, and they held a retreat of their own to reiterate their goals for the organization.

“I’m not going to lie,” Doyle said. “It’s nerve-racking.”

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David Sleigh, a well-known defense attorney based in the Northeast Kingdom, had questions about the special investigations unit that responds to sex crimes and child abuse in Orleans County. So, on June 28, he filed a public records request for information about its governance, staff salaries and grant funding.

Six days later, Dawn Kelly, the executive director of the Orleans County Child Advocacy Center/Special Investigations Unit, denied the request. She told Sleigh that the entity was a private nonprofit, not a public agency — and didn’t need to comply. Confusingly, her email came from a state-government affiliated address.

Sleigh condemned the organization, which contracts with the Newport Police Department, for its lack of transparency.

“It really does become this sort of secret police,” he said.

Pioneered in Burlington in 1987, special investigations units have become an important, quasi-governmental tool for law enforcement around the state. Today, Vermont has 12 such units, which are teams that include police, Department for Children and Families social workers, prosecutors, and victims’ advocates. Under state law, they’re tasked with investigating sexual assault against children and adults, human trafficking, and the most serious cases of physical abuse against children.

Each unit is part of, or affiliated with, a nonprofit child advocacy center. More than 800 such centers nationwide support children who’ve been abused. In Vermont, some also choreograph complex criminal cases, coordinating “the dance of all of the other organizations that are bringing their resources together,” said Jim Forbes, senior policy and operations manager for DCF’s Family Services Division, which is charged with investigating child abuse and neglect to make sure that children are safe at home.

Most officials herald the model. But there are questions about whether the arrangement prevents public scrutiny.

The average Vermonter mostly hears about the units after an investigation ends with an arrest. The Washington County special investigations unit announced in June that police had apprehended 43-year-old Douglas Hersey, who allegedly had sex with, and tried to pimp out, a 15-year-old girl. Two days later, the Chittenden Unit for Special Investigations announced the arrest of 19-year-old Mohamed Hussein, who allegedly sexually assaulted a 12-year-old girl.

“The powerful thing about this model is that it creates working, interpersonal relationships between the parties involved,” Forbes said. “Everybody kind of gets to know each other.”

“We don’t see cases falling through the cracks,” said Capt. J.P. Sinclair, the Vermont State Police’s chief criminal investigator.

The system, which has evolved over the past few decades, gained momentum in the aftermath of one of the most heinous crimes in state history.

In 2008, Michael Jacques, a convicted sex offender, kidnapped, raped and killed his 12-year-old niece, Brooke Bennett, in Randolph. State leaders responded by making swift and sweeping changes to Vermont’s sex offender laws.

“Then-governor Jim Douglas and the Vermont legislature began asking some critical questions,” recalled Tom Tremblay, who was Douglas’ public safety commissioner and had previously led the state’s first special investigations unit in Burlington. “One of the most critical questions I had was, ‘Why should there be specialized units in some counties and not others?’” Tremblay said.

In 2009, state legislators devoted $1.5 million to expand special investigations units but left it up to each county to create one and apply for funding.

Child advocacy centers made obvious partners. The centers could provide kid-friendly spaces — with brightly colored furniture, cheery artwork, toys and snacks — for victims to be interviewed. And they could ensure that cops and DCF workers conducted interviews together to save a victim from having to retell his or her story.

The ultimate goal, according to Marc Metayer, the state’s special investigations unit grants program manager, “is to have one central location where all of the players are co-located … The reality is that not many of them can do that.”

The relationship between the units and child advocacy centers can be complicated, and arrangements often vary by county. Officials alternately describe the advocacy centers and investigatory units as “working hand in glove,” simply existing in the same building, or being one and the same.

In some cases, special investigations units predate their child advocacy center. The Chittenden Unit for Special Investigations, for instance, shares office space with the newer Chittenden
Children’s Advocacy Center, but each has its own director and distinct website. The Vermont State Police also assigns a detective to each unit, free of charge. In some counties, that officer works at the child advocacy center office.

“Instead of these crimes being handled by whoever gets them by luck of the draw, we have actually dedicated law enforcement,” said Rebecca Duranleau, executive director of OUR House of Central Vermont, the child advocacy center that hosts Washington County’s special investigations unit. She noted that officers receive special training to interview traumatized children.

“We all are in constant communication with each other,” Duranleau said.

The state awards two types of grants to the child advocacy centers to support the work of special investigations units, spending about $1.9 million annually. One grant supports administrative work and the other allows the nonprofit to contract with a local police officer or sheriff’s deputy.

Some of the organizations rely almost entirely on state money; others supplement their budgets with grants and donations. OUR House raises money by hosting skeet shooting competitions and donkey basketball. The Chittenden unit bills the towns it serves.

Many of the units’ administrative duties fall to staff at the centers who, in a self-perpetuating cycle, apply for the state grants that in some cases pay their salaries.

In theory, the state could cut out the middleman and coordinate the work of special investigations units itself. But officials suggest outsourcing this role to a third party prevents interagency turf wars and keeps the focus on victims.

It helps to meet in neutral territory, said Forbes, who noted, “There’s strong culture in both [the division of] family services and law enforcement.”

“Our mission is the criminal investigation, obviously,” Sinclair said, referring to the state police. The child advocacy center, he suggested, provides “more of a broad view about what this [victim] needs.”

Another advantage: The centers can access training and modest grants from their member association, the nonprofit National Children’s Alliance.

“I’ve seen tremendous growth and maturation with each of these units,” Metayer said, though he conceded, “it has not been without turmoil.”

Staff turnover at the centers has been a problem, and at times it’s been difficult to convince local police departments to pony up an officer for the effort. The state caps law enforcement grants at $60,000, and the actual cost of those positions is often closer to $80,000, said Metayer. “So you have to have a department and community that’s willing to accept they’re not going to be fully reimbursed,” he said.

Addison’s unit dissolved for a while, and Orange County has struggled at times to keep its operation afloat. Lawmakers studied the funding model in 2014 and concluded that units needed a more sustainable revenue stream; their report didn’t result in any significant changes.

It’s unclear whether the child advocacy centers—which, in their role as special investigations units, are also supposed to serve adult victims of sexual assault—are meeting the needs of their older clients. Of the 1,516 cases the units handled in fiscal year 2017, only 288 involved adult victims.

“It’s still going through growing pains,” said Sen. Dick Sears (D-Bennington), who suggested it was time for lawmakers to take stock of the entire system.

“One of the risks is that if there are counties that aren’t performing, it’s not as clear who you hold accountable for that,” noted Senate President Pro Tempore Tim Ashe (D/P-Chittenden). He seemed surprised about the response to Sleigh’s records request, suggesting that the system’s architects didn’t envision it being used to shield law enforcement from scrutiny.

On July 9, Sleigh sued the Orleans County Child Advocacy Center/Special Investigations Unit for the records he’s after, arguing that it is the equivalent of a public agency. He said he’s concerned that the organization could shield communications between prosecutors and law enforcement that defense attorneys can typically review during the discovery stage of a legal proceeding. Sleigh also noted that the organization’s most recent Internal Revenue Service Form 990 filing suggests its entire $137,000 budget comes from state grants.

Whether he wins or loses, he hopes the lawsuit will shed more light on special investigations units and how they operate. Contact: alicia@sevendaysvt.com.

Disclosure: Tim Ashe is the domestic partner of Seven Days publisher and coeditor Paula Routly. Find our conflict-of-interest policy here: sevendaysvt.com/disclosure.
Giving It Up 6 P.17

“It was far less about him and more about putting other people on the plate,” he claimed.

For those who are newly wealthy, it’s not always obvious how to step up to the plate.

In December 2013, when a New York company agreed to buy Burlington’s Dealer.com for nearly $1 billion, its founders became multimillionaires overnight.

Jill Badolato, then the company’s director of corporate social responsibility, sprang into action. “I was like, ‘I know a bunch of my friends just made money,’” she said. “I also began to realize that people didn’t necessarily know how to give.”

With $10,000 in company funds, Badolato organized a “philanthropic advising pilot.” She chose 10 people who she assumed had made out in the deal and signed them up for four-hour sessions with Zachai and another philanthropic consultant.

Dealer cofounder and chief operating officer Mike Lane, then 38, was among the participants in the pilot. As he began to consider his future philanthropy, he took some advice to heart: “Try to invest in one or two things where you can personally see that you’re working on something that has tangible results,” he recalled.

Lane soon joined the boards of the Vermont Center for Emerging Technologies and Spectrum Youth & Family Services. At Spectrum, he spent hundreds of hours designing a program to help at-risk youth join the workforce. The idea was to establish a for-profit business within the Burlington nonprofit in order to employ and train Spectrum’s clients. The result, a Williston car-detailing shop called Detail Works, launched in 2017.

“It’s really a killer success story,” gushed Lane, who is now 43 and no longer at Dealer. “We’re working to not only how to detail a car, but also life skills, how to be employable.”

Chasing Donors

Since 1986, the Middlebury-based Vermont Community Foundation has sought to encourage philanthropy within the state by advising donors, managing their charitable contributions and directing donations to vetted Vermont programs.

But as Smith, VCF’s president and CEO, noted in a January 2017 letter to his board, national trends in philanthropy could change the way his organization does its job. He cited two particularly worrisome developments: the merger of two major online-fundraising organizations, GoFundMe and CrowdRise, and the

How a Fly-Fishing Museum Angled for a Tax Break — and Landed a Whopper

BY KATIE JICKLING

Charles Orvis founded his fly-fishing company in Manchester 162 years ago and quickly built its reputation as a high-quality outdoor outfitter.

Today the Orvis Company remains a privately held business but has expanded to include an extensive online catalog and 69 retail stores and 10 outlets that also sell apparel and dog beds. Its products are still geared to a moneyed clientele; Orvis offers certain rods online for $898 — reel not included — and gets coverage from Forbes.

Along the way, the growing company’s leaders helped start the American Museum of Fly Fishing. The discovery of fishing artifacts in the Manchester Orvis store’s attic prompted its founding in 1968. The collection remained in the store until the museum’s board bought a nearby building in 1983, and the town then assessed it for taxes. The museum sued, arguing that it was a tax-exempt nonprofit — setting off a legal battle that went all the way to the Vermont Supreme Court.

The court’s 1989 ruling favored the museum over the town and set a new standard to determine which organizations are exempt from property taxes in Vermont.

Prior to that, only entities that performed an “essential government function” got the break. After the decision, there was a multipart test: Organizations had to be open for public use, benefit society and operate as a nonprofit in order to avoid paying property taxes.

“It was a major change in the way they treated tax-exempt public property,” Montpelier attorney and historian Paul Gillies said of the state government.

That enabled more Vermont nonprofits to get off the property tax rolls, shifting the burden to other taxpayers, said attorney Jim Knapp, Vermont’s former interim director of property valuation and review. The change also allowed small nonprofits with property to survive, he added.

Today, the American Museum of Fly Fishing shares a parking lot with Orvis’ flagship store. It’s outside downtown Manchester, by the Orvis fly rod factory and the company’s Fly Fishing School. The Orvis outlet store, which sells discounted items, is just down the road.

The nonprofit museum, which claims to display the world’s largest collection of angling paraphernalia, remains distinct from Orvis, said the museum’s executive director, Sarah Foster, adding that the notion the two are linked is a “terrible misconception.”

Leigh Perkins, who served as Orvis’ CEO from 1965 until his retirement in 1992, was a founding museum board member and still serves on its board with his wife, Annie. The museum gallery, which features a history of the sport, rows of flies in glass cases, and the fly rods owned by Babe Ruth and Dwight Eisenhower, is named for Leigh Perkins.

The museum’s proximity to Orvis still gives some people the impression that it’s part of the for-profit entity, Gillies said. “In the crowd I run in … it’s shorthand for, ‘roll your eyes,’” Gillies said of the museum.

“It’s just a little close.”

Not so, said Rob Oden, vice president of the museum’s board. A former president of Kenyon and Carleton colleges, Oden has been fly-fishing since he was 5. He joined the board in 2011.

“I don’t think I’ve heard Orvis mentioned at a board meeting,” Oden said.

Oden said publication of the museum’s journal, the American Fly Fisher, is one way the museum serves the “public interest.” He added that it’s the best fly-fishing publication he’s ever seen.

In addition to putting out the journal, three full-time and three part-time staff also hold workshops and run free weekly events for kids. In May, the museum celebrated its 50th anniversary with a fundraiser in New York City.

According to its 2015 Internal Revenue Service Form 990, two benefit events and donations from its 42 board members helped cover the museum’s $735,000 annual budget. About 1,000 people from around the world pay between $50 and $1,000 a year for a membership. Museum admission is $5.

The organization doesn’t pay property taxes on its 5.2 acres of land, which is home to the museum, an office building and a small cattail-fringed pond. The property is assessed at more than $1.1 million and, if not for the nonprofit status, would cost the organization about $21,500 a year in taxes.

That’s a lot of rods and reels. ✽
BUZZ SCHMIDT

Buzz Schmidt decided to spend the final phase of his career testing his philanthropic theories in Vermont. In 1994, the Guilford native founded the groundbreaking transparency organization known as GuideStar. By posting nonprofits’ annual Form 990 reports online for the first time, it enabled the general public to hold 501c3s accountable.

Schmidt has developed strong views about what works and what doesn’t in philanthropy. Traditional private foundations, he believes, have become “moribund institutions” because they aren’t accountable to customers, investors or regulators. “Perpetuity is a real wet blanket over creativity,” he said. “The fact that you don’t have to appeal to other people for money, forever, is a real impediment to institutional growth and progress.”

At the Heron Foundation, an anti-poverty organization he chairs, Schmidt has experimented with a different approach. Instead of spending just the mandatory 5 percent of its assets on its mission, Heron invests 100 percent of it in nonprofits, for-profits and other entities that advance its goals. “If that means that, because of the risky investments we made, our capital declines and we go out of business, so be it,” he said.

After returning to his hometown in 2013, Schmidt found himself tackling one of the toughest challenges of his career: saving Brattleboro’s iconic but dilapidated Retreat Farm. Established in 1837, it was for much of its existence an “asylum farm” for the neighboring Brattleboro Retreat mental hospital. But by 2014, when Schmidt first considered taking over the 500-acre property from the Windham Foundation, the farm had fallen on hard times.

“I really fell in love with it and thought, Wow, this is an amazing community resource in a very nascent state,” he said. Schmidt envisioned converting the farmstead into a nonprofit economic development campus that could host agricultural, educational and commercial ventures. “I wanted to make a substantial contribution to the region,” Schmidt said. “And I wanted to also test a number of hypotheses I had about how enterprises contribute to regenerative capital in a community.”

Schmidt, who took over the property with a new nonprofit in 2016, has a ways to go to restore the Retreat Farm and achieve his vision. But, so far, he said, the experience has left him optimistic about the future of philanthropy in Vermont.

“I’m just really impressed by the potential we have to do things in policy and philanthropy and the combination of those here because of the size and because of the communication among players,” Schmidt said. “We don’t have that in other places.”

“It’s like a mini-foundation,” he said. “It’s really a fantastic way to dabble in charity at a higher level than the average joe is probably used to.”

Not everybody is happy about the rise of these bank-sponsored funds.

Because they’re under the umbrella of massive nonprofits, such as Fidelity Charitable, it’s impossible to divine from tax filings who is putting what in such funds and to whom the money is eventually distributed. “Nonprofits find them frustrating because they’re so opaque,” said Parks, the Chronicle editor.

And because account holders such as Lockwood receive their tax deduction at the moment they transfer money to such a fund — not when they later distribute it to a charity — there’s little incentive for the latter step to take place.

In fact, Park said, because the Fidelity mother ship makes money investing Fidelity Charitable’s assets, it has “an incentive for that money to sit there.” Unlike traditional foundations, which are required by the IRS to spend 5 percent of their investment assets each year, donor-advised funds are not.

According to Nabil Ashour, a spokesman for Fidelity Charitable, the organization has a policy “that keeps folks granting” to charities. Account holders get a nudge to do so after three years of inactivity, and their accounts get “swept” into a general pool of contributions if they lie dormant for six years. In an average year, Ashour said, 20 percent of Fidelity’s overall investment assets make their way to other charities.

The rise of these funds threatens not only organizations such as the Vermont Community Foundation but Vermont nonprofits more generally. That’s because, unlike VCF, which advises its donors and encourages them to keep their charitable dollars in-state, Fidelity, as Ashour put it, is “a cause-neutral organization.”

According to Smith, “The overwhelming majority of our grant-making occurs inside of Vermont.” Only about half of the money doled out by Fidelity account holders stays local, according to Ashour.

“The difference is the underlying mission of the organizations that host the donor-advised funds,” Smith said. “You worry, to a certain degree, that we’re missing the opportunity to support the vitality of Vermont communities.”

Heir to the Throne

Terry Pomerleau’s first glimpse of charitable giving came when, as a kid, he attended his grandfather’s legendary Christmas party for underprivileged children. For 37 years, the family patriarch hosted the holiday gathering at a Burlington hotel, where low-income Vermonters enjoyed a meal, gifts, and the opportunity to meet Santa Claus, state politicians and the Pomerleau clan.

“The days leading up to and following that event were the happiest my grandfather was,” he said.

According to Terry’s uncle, Ernie Pomerleau, the Christmas parties will go on — as will the family’s philanthropy.

“Dad’s been the face of it, but the company has been the driving force,” he said, referring to the family’s real estate firm.

“It’s not going to change at all. Actually, it’ll get bigger. It’s something we feel committed to.”

MILLENIALS ARE LESS INTERESTED IN GIVING THAN DOING

Ernie and two siblings, Pat and Alice, now run the Antonio B. and Rita M. Pomerleau Foundation, to which the family patriarch donated in his will.

“We’ve done some stuff with estate planning,” Ernie hinted, declining to provide more details.

Meanwhile, Terry is contributing in his own way.

In the basement of the humane society, he showed off a back room with washing machines and industrial sinks. “This is where the magic happens,” he said. “Everyone wants to walk the dogs, but everyone has to start with dishes.”

As he climbed a set of stairs to the first floor, Terry recalled a conversation he’d had with his grandfather not long after joining the humane society and shortly before Tony died.

“He was just like, ‘I’m so proud of you,’” Terry recalled.

No doubt he’ll remember that blessing each and every time he rolls up his sleeves.

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