



Meeting of the Board of Trustees
November 10, 2020, 5:00 pm

Zoom Meeting

<https://us02web.zoom.us/j/85813006818?pwd=dmtaVGICcE1iZnFRNWhpK0Jwc1g5Zz09>

Meeting ID: 858 1300 6818 Passcode: 859446

AGENDA

- I. Call to Order
- II. Approval of Agenda
- III. Approval of Minutes [attachment]
- IV. New Business
 - o 2021 Budget
 - The Conservancy assessment is projected to remain flat at 2020 levels: \$40/month or \$480/year.
 - o Hartland Reciprocal Trail Use
 - o 2021 Board Meeting Dates, Tuesdays at 5:00 pm
 - Jan 19, Zoom Call
 - March 16, The Grange or Zoom Call
 - May 18, The Greens
 - July 20, The Grange
 - Sept 21, The Greens
 - Nov 9, The Grange
- V. Old Business
 - o Conservancy Office - Boat House Lease Agreement [attachment]
 - o 2021 Board Transition
 - o Willowsford Design Standards
 - o Dominion Energy Pipeline Upgrade
- VI. Committee Updates
 - o Finance Committee Report
- VII. Staff Reports
- VIII. Other
- IX. Adjourn

WILLOWSFORD CONSERVANCY
Meeting of the Board of Trustees
September 15, 2020, 5:00 pm

DRAFT MEETING MINUTES

Attendees: Board Trustees: Mark Trostle, Rick DiBella, Claudette Papathanasopoulos, Greg Licamele, Avi Sareen, Mary Hegedus, and Chase Rowan. HOA Board: Harry Pugh and Frank Blackstone Conservancy Staff: Iris Gestram, Taryn McFarland, Jamie McArdle, Ashley Swensen and Collin Thompson.

- I. **Call to Order**
Meeting was called to order at 5:01pm
- II. **Approval of Agenda**
Motion to approve agenda passed without dissent.
- III. **Approval of Minutes [attachment]**
Motion to approve minutes from June 9th meeting passed without dissent.
- IV. **New Business**

Boat House Conservancy Office

The Boat House is scheduled to become the Conservancy office next year. The Willowsford marketing team is still scheduled to turn the Boat House over to the Conservancy after Christmas. Iris has done two walkthroughs of the building, one with the marketing team and one with the HOA and has also gone through a building inspection. A few items are being addressed to make it move-in ready. The marketing team is leaving the building substantially intact in terms of the office furniture and decorations. A few minor adjustments are being made to make it function as an office. No major expenditures are expected. A few items must be purchased, and they were included in the 2020 budget. The biggest expenditures are a copy machine and moving the Conservancy server from the existing office.

The Conservancy received a draft lease agreement today. The lease will be discussed at next Thursday's HOA board meeting. Iris will circulate the lease to trustees for comment. The HOA is proposing a 25-year lease at \$1/year. The Conservancy will be responsible for all maintenance while occupying the building. HOA is undergoing a reserve study that covers the Boat House. The Conservancy will budget to pay into the reserve study for the Boat House's bigger budget items.

Conservancy is likely to move into the building in early January.

Willowsford Design Standards [attachment]

Resident trustees are proposing changes to the Willowsford Design Standards in order to make them better align with the Conservancy's Mission and integrate conservation principles. The proposal is meant to enhance the Design Standards with additional language to give more options and information to residents. Specifically, the new language aims to

encourage and allow (but not require) residents to make design decisions that are beneficial to native wildlife.

Resident trustees will seek input from the HOA board, the Design Review Committee and residents.

Iris will look for guidance from both the HOA and Conservancy boards on how to best provide input.

It was suggested that the additional language include information on recommended lawn care practices and substances to avoid.

It was suggested that the resident trustees consider enforceability of new standards and to think through different ways of presenting the information to residents, i.e. whether the Design Standards or outreach or other means are most appropriate.

2021 Budget Planning

The Conservancy is planning to have the 2021 budget ready by the November board meeting. The Finance Committee is scheduled to review a draft budget on October 20.

The Conservancy is now entering a new phase where it is fully built out and must now determine the best way to move forward in serving the residents and implementing the Conservancy's mission.

The Conservancy is mindful that residents may have fewer resources in the coming year because of Covid-19. Therefore, the plan is to keep assessments near the same as 2020. The Conservancy does not plan any new major initiatives in the coming year, and therefore should be able keep assessments at the same level.

A draft budget can be provided to Harry from the HOA board to review two weeks before the Conservancy board meeting. This will allow the Conservancy to receive initial HOA feedback before the November board meeting.

Rick and Mark see 2020 as the last year they maintain membership on board. They are ready to begin the transition in early 2021. Election for new resident trustees is expected in late Q1 or Q2.

Resident trustees would like to begin a process of setting up a strategic planning exercise for 2021 after the new board members are established. The process would seek to gather insight from community residents on the focus and priorities for the Conservancy in coming years. Trustees are to engage resident club presidents since they are well tied into many varied aspects of the community.

V. Old Business

Dominion Energy Pipeline Upgrade

Taryn met with project manager and environmental consultants. The new pipeline is expected to be completed by the end of October. Dominion plans to finish clean-up and restoration by the end of December. The project has impacted trails somewhat more than expected. The Grant loop was interrupted on the east side where it crosses the pipeline. The other side is expected to experience a similar interruption for a brief time. However, the

rest of the trail remains open. The team is doing a good job trying to mitigate impacts. The Conservancy has not received complaints from residents.

VI. Committee Updates

Finance Committee Report [attachment]

The finance committee has had two recent meetings, on July 21 and August 28.

In May, the Conservancy transitioned bookkeeping to a local accounting firm, KPI, with staff member Jamie McArdle assisting. With Jamie competently and effectively managing the work, the plan is to have Jamie manage the bookkeeping with monthly oversight from a contract accounting firm. The Conservancy is providing Jamie with additional training for this. In addition, the finance committee will continue to work with Conservancy staff to develop and implement internal financial controls. Jamie is based in Colorado and has been working for Willowsford Conservancy since 2018, after working for the HOA and developer since 2014.

Chase requested that a statement of cash flows be added to the financial statements. The board has a fiduciary responsibility, and this includes the quality of financial reporting.

From a resident perspective, the residents look to the Conservancy to maintain the farm and trails, land stewardship and various programs like camping and education. It might be useful to break out expenses and represent them along those lines. This would be more understandable to residents. The Conservancy does track expenses this way and can easily make this change.

The Conservancy is reporting these year-end projections:

- CSA and retail revenue are projected high. This revenue is currently deferred, but we will see high realization of this revenue in coming months.
- Wholesale revenue is going to be below budget, this market collapsed during Covid.
- Program revenue is going to be far below budget because summer camp and the fall community bonfire & camp-over event were canceled due to COVID
- Program expenses will also be below budget.
- Assessments are anticipated to come in slightly above budget. HOA reports that delinquency rates are extremely slow despite Covid. Resales are doing better than expected, but the reporting is only just over half the year, so this could change. Builder fees to date are lower than expected.
- Dominion fee paid to the Conservancy has been put in a separate account to cover any additional work we may incur based on the project.
- There is an increase in tree work that is causing additional expenditures.
- The employee housing is currently generating a net revenue. One large budget item is an upgrade to the septic system in one of the older houses. This will come later in the year.
- Overall, the Conservancy is expected to come in better than budgeted.

Iris commends Ashley and Collin for being so nimble and quickly adjusting farm operations in response to Covid – there has been a much bigger demand for home delivery and online purchases than expected.

Update on endowment – the developer plans to transfer the Conservancy the \$1M endowment money this week. The Conservancy is excited to have this financial cushion. The members of the Finance Committee, who are serving as the Endowment Directors, decided to place the funds into an account to be invested the next year.

Other – The finance committee approved at its July 21 meeting a resident request to have Conservancy assessments prorated as the HOA does.

VII. Staff Reports

1. Land stewardship (Taryn)

See attached report. In addition, land stewardship will consider putting more trash bins at trailheads to help with trash issues.

2. Farm (Collin)

See attached report. In addition, Collin reported that weather has been an issue this year, and that will not go away – extreme weather will continue, and farmers are having to deal with this more and more. The farm is working to figure out ways to not need to water crops– not necessarily looking for new irrigation options.

The farm has traded in some unused equipment for other equipment needed for farm operations. A couple of additional pieces may be traded in when things on the farm calm down and other farmers have time and money to prepare for next year. Trading can be a better value than selling items. The farm is working to determine best approach.

Mark informed Collin that years ago a retention pond was considered on the north end of the Grange farm. Other things became priorities and the farm did not move forward with the retention pond. The farm might reconsider now. It would provide addition options and could be used for livestock or have other ecological benefits. Mark will share the old materials and bid to excavate the pond, do clay embankment, etc.

The farm has tapped into the volunteer base to lighten the load on farmers. Egg washing has been an especially helpful volunteer position. There is an excellent group of core volunteers coming weekly now.

3. Retail (Ashley)

See attached report.

VIII. Other

Nothing else

IX. Adjourn

The meeting adjourned at 6:43pm.

WILLOWSFORD CONSERVANCY
Meeting of the Board of Trustees
September 15, 2020, 5:00 pm
Conference Call

ED REPORT

Land Stewardship (Taryn McFarland, Land Stewardship Manager)

In the 2020 summer season, the Conservancy has continued full speed in all operations despite COVID-19 limitations. New approaches to educational programming and resident outreach have ensured our continued presence in the community.

Trail Maintenance

- Trails are being mowed bi-weekly as scheduled.
- A significant amount of bridge and trail infrastructure repairs has been completed in accordance with the priorities established in the trail survey reports. New trail signage was also added throughout the villages.
- Trail connectors were built in areas where new homes created a need for residents to access trails more conveniently. Trail shortcuts have been installed to break up long stretches of trails.

Habitat Management

- The Conservancy completed yearly maintenance of all riparian areas to beat back competitive vegetation, to check up on each individual tree, and to remove tree tubes from trees that have either outgrown their tubes or expired. The riparian plantings are establishing successfully.
- Multiple resident volunteer-based reforestation projects are in progress.
- In August, the Conservancy began a meadow restoration project in The Grant to restore 1.5 acres of fill dirt into a warm season grassland.
- In partnership with Loudoun Wildlife Conservancy, the Conservancy has received grant funding for a riparian planting project in The Grove to take place in October.
- Invasive plant removal continues to be a priority. The Grant and Grange have undergone removal of a large portion of invasive vines to support native trees and shrubs.

Work Orders

- 54 work orders have been completed to date. A considerable number of these were tree work orders, most of which were completed in house with only the highly technical jobs being contracted out. Tree work orders make up an increasing share of work orders throughout the season. With extreme weather conditions and the long-term effects of development, future years will see a continual increase in projected tree work. To prepare for this, the Conservancy team continues to train and pursue education in arboriculture so that much of this work can be done in house.
- Firewood orders continued well into the summer with the majority being returning customers. In preparation for fall, the Conservancy team has restocked the wood supply and firewood operation supplies.

Amenities

- Despite COVID-19 restrictions, the Conservancy produced solutions to provide amenities to residents. Health and safety measures included providing more restroom units that are sanitized between each rental; and limiting rentals to one group at a time to promote social distancing. These efforts have received positive community feedback.
- Amenity rentals included 22 camp nights from May-August (49 in 2019); a Cedar Pond Pavilion Rental in June (1 in 2019), and a weeklong rental of Hidden Meadow for a boy scout summer camp which followed CDC social distancing precautions (no rental in 2019). Total rental income May-August was \$3,548 compared with \$3,589 in 2019. September rentals are looking strong.
- Cedar Pond Pavilion and parking area have experienced increased nighttime traffic by groups of teenagers, causing resident concern. The Conservancy is closely monitoring the area through security cameras and is working with the LCSO to patrol the area. Speed limit signs were installed to slow down traffic. These measures have significantly improved the situation.

Miscellaneous

- Volunteers are supporting the Conservancy by completing trail clearance, conducting wildlife surveys, aiding in invasive plant removal, etc.
- Volunteers in the deer management program completed over 200 hours removing old board walk and barb wire fencing, replacing a pond overlook, assisting with equipment maintenance, "posting" property, and performing other work.
- Partnering with groups such as Loudoun Wildlife Conservancy has generated volunteer interest from outside of the Willowsford community. Naturalists and conservation enthusiasts are assisting with wildlife monitoring and data collection helping the Conservancy increase environmental monitoring.
- Trash at trailheads and amenities has increased throughout the season.
- Dominion Energy has begun the utility upgrade along the pipeline easement in the Grant. The Conservancy has been in communication with Dominion's Environmental Consultants to ensure preservation of habitat and water quality, as well as planning ahead for the restoration of the area after work has been completed. The Conservancy continues trail monitoring and management during the work so that residents may use intersecting trails as much as possible while it is safe to do so. Dominion expects work to be completed by the end of November.

Willowsford Farm Production (Collin Thompson, Farm Manager)

2020 has been a year of unique successes and challenges. We have seen a substantial increase in overall demand due to uncertainty in the global food system, which has allowed us to increase and sell out of CSA shares in every category.

While this has meant our production needs have grown significantly, the team has done an incredible job of stepping up to the challenge and consistently filling boxes each week. There have been some growing pains but overall, the increase in total shares has been executed without major mishaps.

As we adapt to the ever-evolving marketplace, we have adjusted our focus to better meet demands. As wholesale sales ground to a halt due to a shift in consumers' shopping habits, CSA interest increased. We continue to fine-tune offerings to meet customer

preferences, spending a larger budget portion on sourcing fruit and specialty products to include in the shares, hopefully leading to greater overall customer satisfaction and retention.

Our primary challenge this year has been climatic. Unseasonably warm temperatures in spring caused overwintered crops to break dormancy, but a late freeze killed early tender crops. This delayed production on some spring plantings while others were lost. July was the hottest on record. An extended period of drought and the untimely failure of two of our wells led to reduced yields or failure. We have since been hit with heavy rainstorms which caused some fields to wash away, as water cannot percolate fast enough in our tight soils.

Weather is always a factor in agriculture, though it is getting more extreme. Markets are ever-changing and we need to stay nimble and adapt appropriately, which we have worked hard to accomplish this year. Things like staffing issues or equipment failures arise spontaneously each year and need to be accounted for.

What this year has brought to the front of my mind is resilience. At this point, certain aspects of Willowsford Farm are resilient, others are not. I notice it most in our production systems – the soils are out of balance, which leads to increased disease and pest pressure, reducing marketable yield and stressing our bottom line. This impacts effective task management, crew morale, labor needs, and overall efficiency.

An appropriate emphasis moving forward will be to better build resilience into our production systems to support the changing climate and marketplace. I plan to research options for soil health consultants to offer insights on balancing and improving our soils. We'll rethink our staffing structure to support the operation as it grows and changes. We will work intentionally with the team to identify the right scale and scope of the operation, realizing that growth does not necessarily lead to an improved bottom line.

In summary, 2020 has been a year of great successes and substantial challenges, and I am incredibly thankful for my team's efforts in making sure CSA boxes have been full of quality produce and for being flexible as plans change day to day; and for the support of our customers and the Willowsford community. Willowsford Farm is in good shape right now and I am optimistic for the fall and winter and have plenty of improvements that I am excited to implement in 2021.

Farm Sales & Marketing (Ashley Swensen, Sales and Marketing Manager)

2020 Season CSA Sales & Statistics

	Total	Membership Goal		2019 Shares
Main Veggie Shares:	403	350	115%	300
Family	130			
Personal	196			
Starter	77			
Meat Shares:	70	30	233%	38
Farmers Choice	50			
Chicken	20			
Milk	72	40	180%	48
Eggs	204	200	102%	181
Flowers	79	50	158%	47
Total Sales (Gross)	\$380,654	Budget	\$310,741	
			122%	

Past the halfway mark of our 2020 season, the Farm team has absorbed helpful lessons to apply to our business plans for 2021. Most importantly, we have seen that retail sales through our online platform, Farm Stand Online, have the potential to equal sales from the Farm Stand. Based on income to date, and the reduced overhead, staffing and product waste, the farm plans to transition solely to online sales for 2021. We believe the financial viability of the Farm is better served by strengthening marketing and execution for Farm Stand Online and transitioning the physical Farm Stand to a space for CSA and community outreach.

We are very pleased with the additional revenue generated so far this year through both one-time veggie boxes and our curated selection of local food "extras". Our crew's dedication to producing and executing not only a significant increase in CSA shares but also the high numbers of extra boxes each week to online subscribers is commendable.

Winter CSA shares show strong early sales, particularly veggies. The initial "current members only" offering sold 75% of our capacity within 24 hours. This is an excellent indicator for customer satisfaction and future retention! We plan to offer a similar "early bird" campaign for 2021's main CSA season in mid-November.

This winter, the farm will offer restructured "Pastured Meat" shares. To improve customer service and the appeal of our offerings, meat shares will now be personalized through both member preferences and the option to edit share contents before delivery. We will

manage inventory and pack custom meat shares using the same methods as our veggie shares. We anticipated high popularity due to these changes and have already met our sales quota for Winter 2020.

Marketing efforts at this point in the year remain focused on enrolling additional members in our subscriber database and on sales through Farm Stand Online. Farm Stand Online allows us to "right size" CSA to each week's harvest and maximize sales at direct-to-consumer prices. We now have 1,150 Farm Stand subscribers, which is also an excellent customer base of "warm" leads for 2021 sales.

Community engagement opportunities are also steadily increasing as Loudoun County loosens COVID-related restrictions. We have had several successful family volunteer events during bulk harvests and are hosting regular volunteers for egg washing tasks. Our wonderful CSA attendant volunteers John Lilley and Julie Nash have returned to the Farm Stand.

Farmer Collin's YouTube viewership continues to grow. Our first video tutorial, featuring CIA-trained crew member Gabe Concordia, will be filmed in September. We are all excited to reconnect with shareholders in new and more traditional ways.

2020 Winter Season CSA Sales & Statistics

	Total	Membership Goal
Main Veggie Shares:	95	100
Meat Shares (Sold Out)	30	30
Family Size	17	
Personal Size	13	
Milk	21	40
Eggs	72	100

Business Operations

Administration

- Following office bookkeeping changes in April, Business Operations Coordinator Jamie McArdle has been training to handle the Conservancy's bookkeeping needs in-house, eliminating the need for an outside bookkeeping service effective October 1. Jamie continues to also manage communications and resident relations, and support HR and office administration.
- 2020-2021 Insurance Coverage: The Conservancy annually works with its insurance broker to review and negotiate coverage renewal; most policies renew July 1. Total premiums are slightly below 2019-2020 levels despite a substantial increase in Worker's Comp premiums due to the Conservancy's new policy separate from the developer's policy. Workers' Comp premiums will level out as

the Conservancy continues its own coverage and develops a safety record with the underwriter. For D&O coverage, up for renewal in December, the carrier proposes "automatic renewal" in the absence of material changes in operations.

- The Conservancy received a subpoena for information related to "Paola and Kelly Henandez v. Willowsford Grant, L.L.C. et al." regarding a land parcel in The Grant. The parcel is not Conservancy open space. The Conservancy provided a timely response to the subpoena.

Programs

- To strengthen resident outreach during COVID-19 restrictions, the Conservancy added a Conservancy YouTube Channel to the Farm YouTube channel; created a resident Willowsford Photo Contest, "Nature Lens"; and continued to offer in-person family programs where feasible following COVID-19 safety protocols. These included a sold-out parent-child fishing class in partnership with Trout Unlimited; two "Container Gardening with Native Plants" workshops; family friendly farm volunteer opportunities; and a successful Native Plant Sale supporting the Conservancy's "home habitat" education efforts.
- Five winners were chosen for the summer portion of the Nature Lens photo contest: Bill Corbett, The Grant; Newsha Nazmi, The Grove; Alana Hess, The Grove; Chaitanya Chandra, The Grove; and Abhishek Singh, The Greens.
- Deer Management Program: 26 hunters qualified to participate in the 2020-2021 season which begins Oct 5. Program information is posted on the Conservancy website.

2020 Program Overview (as of September 14):

- TinkerGarten Nature Play Classes, Sundays, Jan 19-Feb 23, 10:30-11:45 am, The Grange (18 participants)
- Community Update Sessions, Wednesday, Feb 19, 6:30-8:00 pm, Sycamore House and Tuesday, Feb. 25, 6:38-8:00 pm, The Lodge (49 registrants)
- Farm Shares 101 CSA Info Sessions (Farm Team); Wednesday, March 11 at Sycamore House and Sunday, March 14 at The Lodge (35 registrants)
- Right Plant Right Place – Native Plants for the Home Garden (Julie Borneman, Watermarks Native Plant Nursery), Thursday, April 23, 6:30-8:00 pm, Sycamore House (43 registrants) – Zoom Call
- Feathered Fosters (Ashley Swensen), April 18-25, Grange Farm Stand (100 max – sold out)
- Pinewoods Loop Trail Opening – Canceled due to COVID-19. The new trail was opened in March.
- CSA Season begins May 25 – Nov 15
- Exploring Nature with Your Child, interactive nature walk, June 30, 6:30-8:00 pm, (Kim Strader, Certified Forest Therapy Guide), Cedar Pond Pavilion, (10 registrants)
- Amenity Rental Season Opens: Cedar Pond Pavilion, Grant Family Campsite, June 12-Oct 31, The Greens, The Grant
- Container Gardening with Native Plants, two hands-on Workshops, July 11, 9 am and 10:30 am; The Grange (Sold out – 16 attendees)
- Gardens in Public Spaces – Site tour with Loudoun Wildlife Conservancy, The Grange Wet Meadow and Native Plant Demonstration Garden, planned for July 25

- Loudoun Wildlife Conservancy filmed Iris Gestram in the Garden and Meadow and published a virtual session.
- *Reeling in a Big One*, parent-child fishing class with Trout Unlimited, Friday, Sept 11, 6 pm, The Greens (Sold out – 30 attendees)
- Native Plant Sale with Watermark Woods Nursery and Loudoun Wildlife Conservancy, Sunday, Sept 13, 9 am – 2 pm, The Grange (approx. 375 attendees)
- 6th Annual Community Bonfire & Camp-over, Saturday-Sunday, Sept. 12-13, Hidden Meadow Event Field, The Greens – canceled due to COVID-19.

BOAT HOUSE LEASE AGREEMENT

WHEREAS, Willowsford Homeowners Association (the "Association") and the Willowsford Conservancy (the "Conservancy") entered into an Amended and Restated Reciprocal Use and Easement Agreement (the "Agreement") on January 16, 2020; and

WHEREAS, the Agreement provided in Part 1(J) that the Conservancy may lease and occupy the Boat House and its porch and associated parking spaces in its and their entirety, for office use and occasional educational use beginning January 1, 2021 and to enter into a long-term lease agreement for \$1.00 per year; and

WHEREAS, the Agreement further provided that the Conservancy would be responsible for all costs associated with landscaping, (except that the Association will provide regular mowing), operation and day-to-day maintenance of the Boat House, including all utility costs, along with the performance of all necessary maintenance and repair; and

WHEREAS, the Agreement further provided that the Association shall obtain a replacement reserve study and each year, the Conservancy shall contribute a proportional share to the reserve replacement funds designated for the Boat House as determined by the Association; and

WHEREAS, the Conservancy desires to lease the Boat House, its porch and associated parking spaces from the Association and the Association desires to lease such property to the Conservancy in accordance with the Agreement and the terms provided herein.

NOW, THEREFORE, in consideration of the mutual covenants, duties and obligations set forth herein, the receipt and sufficiency hereby acknowledged, the Association as Lessor and the Conservancy as Lessee hereby agree to the following terms and conditions set forth below (the "Lease"):

1. Lessor warrants and represents that Lessor is the owner of the Boat House, its porch and the parking spaces all as shown on the plat ("Plat") attached hereto and incorporated herein on **Schedule A** (the "Premises"). Lessor does hereby rent to the Lessee that part of the Premises, as set forth in the attached **Schedule A** (the "Leased Premises"). Lessee shall have exclusive use and possession of the Leased Premises in accordance with this Lease to use the Leased Premises for office use only. The use of the Leased Premises shall at all times comply with the Willowsford Standard, the Community Covenant, the Community Charter, and any rules and regulations adopted by the Association, all as may be amended from time to time.

Notwithstanding any other provision in this Lease, Lessor shall have the right of use and access the Leased Premises to fulfill its obligations and for any purpose necessary for the operation, maintenance, and repair of the Premises.

The Leased Premises does not include the use or rental of any equipment such as desks, computers, fax machines, telephones, or televisions. Lessee will be fully responsible for the cost to furnish all equipment and supplies, including without limitation, toiletries, and cleaning supplies, necessary to operate the office. Furniture, decor, and office equipment in the building as of January 1, 2021 are property of the Conservancy.

2. The term of this Lease ("Lease Term") shall be for a period of twenty-five (25) years beginning January 1, 2021 (the "Commencement Date"). Lessor and Lessee agree that the Lease Term will not be extended unless otherwise agreed to in writing by Lessee and Lessor.

3. Lessee agrees to pay Lessor as rent (the "Rent") \$1.00 per year beginning on the Commencement Date. Lessee will be responsible for the payment of all utilities serving the Premises to include, without limitation, gas, water, sewer, cable, electricity, and internet. In addition to Rent, Lessee shall pay to Lessor the proportional share of the reserve replacement funds designated for the Leased Premises annually, beginning on the Commencement Date in such amounts as determined by the Lessor.

4. Lessor makes no representations or warranties as to the condition of the Leased Premises or as to whether the Leased Premises can be used for the use intended by Lessee. Lessee acknowledges that prior to the execution of this Lease, Lessee made sufficient examination and tests of the Leased Premises to determine the suitability, difficulties, and hazards thereof, and stipulates that it is in good repair and condition for its intended use.

5. Lessor and Lessee hereby warrant and represent to the other that the signatories to this Lease have full power and authority to enter into this Lease.

6. Lessee shall maintain, at its own cost, commercial general liability insurance of not less than \$2,000,000.00 with respect to its activities on the Premises. Lessee shall name Lessor as an additional insured under such policy and shall furnish a certificate of insurance evidencing such coverage to the Lessor, annually, and in the event of any change in coverage.

Lessee shall defend, indemnify, and hold harmless Lessor, its members, guests, officers, directors, invitees and its Managing Agent from and against all claims, liabilities, damages, losses and expenses (including reasonable attorney's fees) of every kind and character resulting from or relating to or arising out of (a) the Lessee's use of the Leased Premises or the inaccuracy, non-fulfillment or breach of any representation, warranty, covenant or agreement made by Lessee herein; or (b) claims, causes of actions or actions of third-parties that result from or relate to or arise out of the operation by or conduct of, or obligation incurred by or on behalf of, the Lessee; or (c) claims, damages, or actions arising from Lessee's possession or use of the Leased Premises during the Term.

The obligations herein shall survive the expiration or termination of this Lease.

7. This Lease shall be construed as a lease for real property and not a license. This Lease shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto, including, but not limited to, a successor as a result of the sale or conversion of the Premises to any other owner or form of ownership. Lessor also covenants that in the event the Premises is sold or transferred it shall be a condition of any such sale or transfer that the prospective purchaser or transferee take an express assignment of the Lease at the time of transfer of deed and be bound by an of its terms and conditions. Failure of the Lessor to secure said assignment shall, at Lessee's option, constitute a breach of the Lease and shall not serve to relieve Lessor or the purchaser or transferee of any of the obligations under the Lease which shall continue for the remainder of the Term.

8. Lessee and Lessor may enter into a notice or memorandum of Lease in recordable form if required by law or upon the request of Lessor. Any recording fees, taxes, or other charges incurred in the preparation of and recording of the Lease or memorandum of Lease shall be paid by Lessee.

9. This Lease shall be construed according to the laws of the Commonwealth of Virginia. If any provision of this Lease shall, for any reason, be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision. Lessor and Lessee agree that any court of record in Loudoun County, Virginia or corresponding United States District Court shall have jurisdiction with respect to any proceedings arising under this Lease. If either party hereto seeks to enforce this Lease or to file a legal action due to a breach hereof, the prevailing party shall be entitled to receive an award of the costs incurred, including but not limited to reasonable attorneys' fees.

10. Each party represents that it understands and agrees to the terms and conditions of this Lease and has had an opportunity to review with their respective counsel. The principle of construction or rule of law that provides that, in the event of any inconsistency or ambiguity, an agreement shall be construed against the drafter of the agreement shall have no application to the terms and conditions of this Lease.

GENERAL TERMS AND CONDITIONS OF LEASE

- A. Subject to reasonable security measures, Lessor shall maintain a key for access to the Leased Premises when necessary. Lessor and Lessee shall conduct a joint walkthrough of the Leased Premises annually.
- B. Lessee shall obtain, at its own cost, all necessary licenses or permits and authorizations necessary to use the Leased Premises as an office. Lessee shall, at all times, remain in compliance with all licenses, permits and any applicable laws and regulations governing the use and occupancy of the Leased Premises.
- C. Lessee shall not be entitled to encumber the Leased Premises with any deed of trust or mortgage or other lien. In the event a lien is recorded against the Leased Premises, Lessee shall set forth a bond until such lien is released.
- D. Lessee shall not move or remove, disconnect, or tamper with any permanent fixtures of the Leased Premises for any reason whatsoever unless expressly authorized by Lessor. Upon the expiration or prior termination of this Lease, Lessee shall remove its equipment and supplies at its sole expense and shall repair any damage to the Premises resulting from Lessee's removal activities. If Lessee fails to remove such equipment and supplies and restore the Leased Premises to as good as a condition that existed at the Commencement Date (normal wear and tear excluded) within 30 days of the expiration or termination of this Lease, such equipment shall be deemed abandoned and disposed of by Lessor as it deems appropriate and Lessee will be responsible for Lessor's costs in restoring the Leased Premises.
- E. Lessee is responsible for the following related to the Leased Premises:
- a. Cleaning the Leased Premises, including windows, and maintaining same in good condition and repair and ensuring that the Premises comply with all state, county or municipal building and safety codes including fire safety codes and Willowsford Standard;
 - b. Providing electricity, water, gas, internet, and all other utilities and all equipment and supplies required for the proper and safe use of the Leased Premises.
 - c. Performing landscaping (except mowing) and snow removal of the Leased Premises in accordance with the Willowsford Standard.
 - d. Promptly notifying Lessor in the event of any damage or loss to the Leased Premises. In the event such damage was caused by Lessee and not repaired by Lessee to the reasonable satisfaction of Lessor, Lessor shall be entitled to perform such maintenance, repair and replacement and assess the costs against Lessee.
 - e. Perform and pay for all preventive maintenance, repairs and replacements not specifically included in the Boat House Replacement Reserve Fund designated for the Leased Premises.
- F. Lessor is responsible for the following related to the Leased Premises:
- e. Perform and pay only for the major replacement items specifically included in the Boat House Replacement Reserve Fund designated for the Leased Premises in an amount proportionate to the amount contributed by the Lessee.
- G. At any time during the initial term of this Lease, this Lease may be terminated by either party with cause and without penalty upon sixty (60) days written advance notice to the other.

H. Any notices concerning the Lease shall be sent by certified mail, return receipt requested, or via recognized overnight mail service with delivery tracking receipt to the address below or such other address as specified by the parties in writing. This notice requirement is satisfied upon sending, and non-receipt of, non-acceptance of, or a party's failure to claim the certified mail does not invalidate such notice.

To Lessor:
Willowsford Homeowners Association
23506 Founders Drive
Ashburn, VA 20148

With a copy to:
Rees Broome, PC
c/o Todd Sinkins, Esq.
1900 Gallows Road, Suite 700
Tysons Corner, VA 22182

To Lessee:
Willowsford Conservancy
44095 Pipeline Plaza, Suite 140
Ashburn, VA 20147

I. A failure to exercise any right or remedy hereunder shall not operate as a waiver thereof the rights, and remedies, herein provided are cumulative and not exclusive of any rights or remedies provided by law or in equity.

J. Lessor and Lessee expressly agree this Lease contains the entire agreement between the Lessor and Lessee and supersedes all prior or contemporaneous oral or written agreements, and may not be modified, except as provided for herein, unless said modification is contained in a writing signed by the Lessor and Lessee.

AUTHORIZED SIGNATURES

Executed as a sealed instrument as of the date first appearing above.

LESSEE: Willowsford Conservancy

LESSOR: Willowsford Homeowners
Association

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

Schedule A

**Illustration Reflecting Leased Premises:
Boat House, Porch and Parking Spaces**





Willowsford Conservancy

Income Statement by Dept

Jan - Sept 2020

	Conservancy	Farm	Annual Budget
Revenue			
CSA Revenue	\$0	\$313,922	\$347,800
Retail Revenue	\$6,076	\$70,787	\$100,840
Wholesale Revenue	\$0	\$18,711	\$64,505
Program Revenue	\$1,530	\$2,787	\$21,000
Conservancy Assessments & Fees	\$990,981	\$0	\$1,243,200
Other Income	\$1,073,690	\$7,500	\$15,650
Total Revenue	\$2,072,276	\$413,708	\$1,792,995
Cost of Goods Sold			
COGS - Farm Production	\$0	\$53,616	\$81,500
COGS - Retail	\$0	\$86,229	\$57,735
COGS - CSA	\$0	\$42,600	\$45,302
COGS - Livestock	\$0	\$22,993	\$22,345
COGS - Programs	\$1,168	\$1,161	\$16,300
COGS - Labor	\$788	\$69,076	\$109,137
Total Cost of Goods Sold	\$1,956	\$275,676	\$332,319
Gross Profit	\$2,070,320	\$138,032	\$1,460,676
Expense			
Advertising & Marketing	\$3,923	\$845	\$19,200
Maintenance	\$49,361	\$32,016	\$142,100
Land Stewardship	\$38,045	\$0	\$44,000
FF&E - Non-Capitalized	\$0	\$0	\$1,000
Payroll & Benefits	\$314,750	\$201,795	\$880,185
General & Administrative	\$50,094	\$8,265	\$62,790
Taxes	\$35,653	\$2,673	\$50,300
Insurance	\$13,597	\$14,351	\$45,500
Total Expense	\$505,424	\$259,945	\$1,245,075
Operating Income	\$1,564,896	-\$121,913	\$215,601
Depreciation	\$69,204	\$117,224	\$249,895
Interest Expense	\$0	\$393	\$0
Net Income	\$1,495,692	-\$239,530	-\$34,294



Willowsford Conservancy

Income Variance Report

	Sep-20				Year to Date			
	Actual	Budget	Var	Pct	Actual	Budget	Var	Pct
Revenue								
CSA Revenue	\$63,411	\$26,351	\$37,060		\$313,922	\$253,702	\$60,220	
Retail Revenue	\$13,139	\$15,803	-\$2,664		\$76,862	\$74,797	\$2,065	
Wholesale Revenue	\$3,360	\$7,101	-\$3,741		\$18,711	\$41,705	-\$22,994	
Program Revenue	\$360	\$5,665	-\$5,305		\$4,317	\$20,502	-\$16,185	
Conservancy Assessments & Fees	\$144,871	\$103,600	\$41,271		\$990,981	\$932,400	\$58,581	
Other Income	\$1,003,510	\$1,605	\$1,001,905		\$1,081,190	\$10,841	\$1,070,349	
Total Revenue	\$1,228,652	\$160,125	\$1,068,527	767%	\$2,485,983	\$1,333,947	\$1,152,036	186%
Cost of Goods Sold								
COGS - Farm Production	\$927	\$6,669	-\$5,742		\$53,616	\$72,858	-\$19,242	
COGS - Retail	\$14,488	\$8,601	\$5,887		\$86,229	\$41,811	\$44,418	
COGS - CSA	\$5,339	\$4,650	\$689		\$42,600	\$33,057	\$9,543	
COGS - Livestock	\$955	\$1,441	-\$486		\$22,993	\$17,124	\$5,869	
COGS - Programs	\$0	\$3,999	-\$3,999		\$2,328	\$11,556	-\$9,228	
COGS - Labor	\$9,770	\$12,733	-\$2,963		\$69,864	\$77,602	-\$7,738	
Total Cost of Goods Sold	\$31,478	\$38,093	-\$6,615	83%	\$277,631	\$254,008	\$23,623	109%
Gross Profit	\$1,197,174	\$122,032	\$1,075,142	981%	\$2,208,352	\$1,079,939	\$1,128,414	204%
Expense								
Advertising & Marketing	\$1,114	\$634	\$480		\$4,768	\$10,536	-\$5,768	
Maintenance	\$7,623	\$10,511	-\$2,888		\$81,377	\$97,792	-\$16,415	
Land Stewardship	\$6,766	\$4,581	\$2,185		\$38,045	\$34,246	\$3,799	
FF&E - Non-Capitalized	\$0	\$83	-\$83		\$0	\$747	-\$747	
Payroll & Benefits	\$52,849	\$64,959	-\$12,110		\$516,545	\$610,970	-\$94,424	
General & Administrative	\$3,444	\$4,169	-\$725		\$58,360	\$45,280	\$13,080	
Taxes	\$6,553	\$880	\$5,673		\$38,326	\$27,800	\$10,526	
Insurance	\$2,573	\$3,792	-\$1,219		\$27,948	\$34,128	-\$6,180	
Total Expense	\$80,923	\$89,609	-\$8,686	90%	\$765,370	\$861,499	-\$96,129	89%
Operating Income	\$1,116,251	\$32,423	\$1,083,829	3443%	\$1,442,982	\$218,440	\$1,224,543	661%
Depreciation	\$20,714	\$20,825	-\$111		\$186,427	\$187,425	-\$998	
Interest Expense	\$0	\$0	\$0		\$393	\$0	\$393	
Net Income	\$1,095,537	\$11,598	\$1,083,939	9446%	\$1,256,162	\$31,015	\$1,225,147	4050%



Willowsford Conservancy

Income Statement

	2020 Full Year									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD
Revenue										
CSA Revenue	\$11,004	\$11,034	\$3,119	\$4,181	\$15,980	\$79,857	\$63,631	\$61,706	\$63,411	\$313,922
Retail Revenue	\$735	\$432	\$4,280	\$8,927	\$8,047	\$12,496	\$12,757	\$16,049	\$13,139	\$76,862
Wholesale Revenue	\$583	\$531	\$2,276	\$1,343	\$1,950	\$3,641	\$3,455	\$1,573	\$3,360	\$18,711
Program Revenue	\$0	\$227	\$89	\$0	\$2,883	\$172	\$586	\$0	\$360	\$4,317
Conservancy Assessments & Fees	\$95,493	\$83,120	\$91,515	\$131,023	\$106,762	\$126,745	\$123,173	\$88,280	\$144,871	\$990,981
Other Income	\$57	\$0	\$0	\$2,500	-\$9	\$60,498	\$14,537	\$97	\$1,003,510	\$1,081,190
Total Revenue	\$107,871	\$95,344	\$101,279	\$147,973	\$135,614	\$283,408	\$218,138	\$167,704	\$1,228,652	\$2,485,983
Cost of Goods Sold										
COGS - Farm Production	\$6,590	\$8,618	\$12,918	\$6,389	\$6,101	\$2,999	\$5,362	\$3,711	\$927	\$53,616
COGS - Retail	\$1,806	\$1,778	\$430	\$2,816	\$12,417	\$15,778	\$21,016	\$15,701	\$14,488	\$86,229
COGS - CSA	\$5,226	\$3,391	\$2,854	\$2,892	\$8,439	\$7,052	\$3,927	\$3,480	\$5,339	\$42,600
COGS - Livestock	\$6,487	\$5,437	\$1,207	\$4,698	\$572	\$1,231	\$1,510	\$896	\$955	\$22,993
COGS - Programs	\$486	\$0	\$699	\$66	\$9	\$47	\$659	\$362	\$0	\$2,328
COGS - Labor	\$234	\$717	\$3,913	\$10,882	\$10,858	\$11,818	\$11,484	\$10,189	\$9,770	\$69,864
Total Cost of Goods Sold	\$20,830	\$19,941	\$22,022	\$27,743	\$38,395	\$38,925	\$43,959	\$34,338	\$31,478	\$277,631
Gross Profit	\$87,041	\$75,403	\$79,257	\$120,229	\$97,219	\$244,483	\$174,179	\$133,366	\$1,197,174	\$2,208,352
Expense										
Advertising & Marketing	-\$487	\$1,637	\$365	\$489	\$300	\$675	\$375	\$300	\$1,114	\$4,768
Maintenance	\$5,311	\$4,259	\$5,581	\$5,976	\$17,548	\$11,452	\$11,081	\$12,547	\$7,623	\$81,377
Land Stewardship	\$0	\$0	\$760	\$3,996	\$386	\$15,640	\$10,497	\$0	\$6,766	\$38,045
Payroll & Benefits	\$56,890	\$59,806	\$71,336	\$56,628	\$52,933	\$57,204	\$55,855	\$53,045	\$52,849	\$516,545
General & Administrative	\$2,501	\$15,805	\$2,726	\$7,125	\$4,982	\$5,495	\$8,905	\$7,376	\$3,444	\$58,360
Taxes	\$3,767	\$3,767	\$3,767	\$3,767	\$5,393	\$3,778	\$3,767	\$3,767	\$6,553	\$38,326
Insurance	\$4,274	\$3,391	\$3,391	\$3,391	\$4,263	\$1,518	\$2,573	\$2,573	\$2,573	\$27,948
Total Expense	\$72,255	\$88,664	\$87,927	\$81,372	\$85,806	\$95,762	\$93,053	\$79,607	\$80,923	\$765,370
Operating Income	\$14,786	-\$13,261	-\$8,670	\$38,857	\$11,413	\$148,721	\$81,126	\$53,759	\$1,116,251	\$1,442,982
Depreciation	\$20,714	\$20,714	\$20,714	\$20,714	\$20,714	\$20,714	\$20,714	\$20,714	\$20,714	\$186,427
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$393	\$0	\$393
Net Income	-\$5,928	-\$33,975	-\$29,384	\$18,143	-\$9,301	\$128,007	\$60,412	\$32,652	\$1,095,537	\$1,256,162



Willowsford Conservancy Balance Sheet

	9/30/2020	9/30/2019	Change	Notes
ASSETS				
Cash and cash equivalents	\$1,650,508	\$136,085	\$1,514,422	
Accounts Receivable	\$5,032	\$44,995	-\$39,963	
Prepaid expenses	\$26,653	\$37,872	-\$11,219	
Inventory	\$0	\$0	\$0	
Furniture, Fixtures & Equipment	\$851,183	\$764,375	\$86,808	
Land & buildings	\$2,438,324	\$2,421,278	\$17,046	
Intercompany Receivables	\$0	\$255,625	-\$255,625	
Accumulated Depreciation	-\$1,259,892	-\$1,011,367	-\$248,525	
Total Assets	\$3,711,807	\$2,648,863	\$1,062,943	
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts Payable	\$11,153	\$2,683	\$8,471	
Accrued Expenses	\$14,912	\$3,776	\$11,136	
Accrued payroll and payroll liabilities	-\$2,043	\$3,367	-\$5,410	
Deferred Revenue	\$97,892	\$83,029	\$14,862	
Security deposits	\$0	\$0	\$0	
Notes Payable	\$59,205	\$0	\$59,205	
Intercompany Payables	\$0	\$255,625	-\$255,625	
Total Liabilities	\$181,119	\$348,480	-\$167,361	
Net Assets				
Unrestricted Net Assets	\$2,274,700	\$2,392,066	-\$117,366	
Net Income	\$1,256,162	-\$91,683	\$1,347,844	
Total net assets	\$3,530,862	\$2,300,384	\$1,230,478	
Total Liabilities and Net Assets	\$3,711,981	\$2,648,864	\$1,063,117	

Willowsford Conservancy

Statement of Cash Flows

January - September, 2020

	Total
OPERATING ACTIVITIES	
Net Revenue	1,256,161.71
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	
1149 Accounts Receivable	17,474.40
13200 Prepaid Expenditures:Prepaid Expenditures	9,693.07
16210 Accumulated Depreciation:A/D - Land Improvements	31,806.00
16220 Accumulated Depreciation:A/D - Bldg & Improvements	64,279.44
16230 Accumulated Depreciation:A/D - Bldg & Improvements - Housing	24,687.00
16250 Accumulated Depreciation:A/D - Furniture & Fixtures	7,209.00
16260 Accumulated Depreciation:A/D - Equipment	46,710.00
16270 Accumulated Depreciation:A/D - Vehicles	11,736.00
2000 Accounts Payable	10,932.14
23010 Other Liabilities:Accrued Expenses	6,951.00
23040 Other Liabilities:Renter's Deposits	1,100.00
23221 Other Liabilities:Virginia Dept of Revenue Payable	-909.82
24200 Payroll Liabilities:Flex Benefit Payable	-3,215.46
24300 Payroll Liabilities:401k Match Liability	1,172.38
26200 Deferred Revenue:Deferred Revenue - CSA Prepayments	52,718.78
26250 Deferred Revenue:26250 Deferred Revenue- CSA Winter Shares	-1,619.51
26300 Deferred Revenue:Deferred Revenue - Other	0.00
Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	\$ 280,724.42
Net cash provided by operating activities	\$ 1,536,886.13
INVESTING ACTIVITIES	
16130 Fixed Assets:Bldgs & Improvements - Housing	-9,825.00
16140 Fixed Assets:Chevy 4500 Truck	-72,962.20
16160 Fixed Assets:Equipment	-13,845.90
16170 Fixed Assets:Vehicles	0.00
17010 Other Assets:Intercompany Receivables	0.00
Net cash provided by investing activities	-\$ 96,633.10
FINANCING ACTIVITIES	
27010 Other Long Term Liability:Intercompany Payable	0.00
27020 Note Payable - Chevy	59,204.93
Net cash provided by financing activities	\$ 59,204.93
Net cash increase for period	\$ 1,499,457.96
Cash at beginning of period	151,223.79
Cash at end of period	\$ 1,650,681.75