

## Mount Riga Inc. Annual General Meeting of Stockholders – October 2022

### President's Letter

Mount Riga, Inc. was founded 100 years ago (December 30, 1922). Kudos to Liz Kollais, Seth Martin, Chris Moore, Jen Whittier and all the others for organizing the Labor Day Picnic and 100<sup>th</sup> Anniversary Celebration, and to several mountain members whose generous contributions help make this special event possible.

The Annual General Meeting (AGM) will be held in a tent at the Community Garden. Lunch will be served (RSVP form in your packet). Thanks to Jen Whittier, Corporate Secretary, for the AGM preparation and logistics.

Many thanks to Mount Riga Office Manager Bridget Schrenkel, and Security Ranger Danny Brazee, Jr. for their work on and off the mountain. Roger Newkirk and Chris Anderson kept the MRI roads and lawns in good shape; Danny jumped in to help Chris. Mariah Morgan kept our website [www.mountriga.org](http://www.mountriga.org) humming. Please sign up through [office@mountriga.org](mailto:office@mountriga.org) or click "Contact Us" on the website.

The Appalachian Mountain Club is rebuilding the Brassie Brook and Riga Shelters. Thanks to Andrea and Danny for coordinating AMC work crew access. Ostrander Beach and the campsites were enjoyed by many; trail use seemed somewhat less than in the past two years, but several bike clubs have "discovered" the town roads.

**MRI Community Overview:** Our spirit of contribution is part of what makes this place special. About 50 people actively participate in one or more of MRI's six committees: Audit, Finance (FinComm), Environmental Stewardship (ESC), Land Planning (LPWG), Nomination (NomComm), and Maintenance and Security (M&S). The Mount Riga Tennis Association and Mt. Riga Cemetery Association also depend on volunteers; myriad jobs are taken on by individual community members. Thanks to everyone!

Congratulations to Chris Moore and Tobey Duble on their wedding; welcome to Doug and Carrie Placais's baby, Charlie); and "Well Done!" to the many "NextRigaGen" graduates of high school, college, and grad schools launching into the next chapter of their lives!

The ball field, tennis courts and Community Garden got a good workout this season!

### **MRI Governance Overview and Nominations:**

Ten Directors served MRI this year: Clay Beer, Andrea Combes, David Cory, Ethan Gee, Hilary Blaker Johnson, David Kluchman, Kevin O'Brien, Will Storey, David Warner, and Anne Williams. Due to the McCabe family rotation, Ethan is stepping down. He has made many positive, thoughtful and educated contributions to board deliberations during his time as Director. Thank you, Ethan.

2022 AGM Shareholders will vote to fill four open Director seats: one to complete the term that expires 2023; and three to fill terms that expire 2026. Five nominations have been received to date: Clay Beer, Andrea Combes, David Cory, Jen Martin, and Steve Griggs. (Floor nominations are permitted at the AGM.) The proxy looks different this year. **PLEASE READ THE PROXY CAREFULLY.**

Seven Officers served MRI this year: Anne Williams (President); David Warner (Vice-President); Jennifer Whittier (Corporate Secretary); Ana Chrysler and Emily Vail (Assistant Corp. Secretaries); Tom Vail (Treasurer); David Kluchman (Assistant Treasurer). Officers are elected by the Board of Directors (President: 5 year term; other Officers: 1 year term). Ana will not be standing for re-election; her service

as Corporate Secretary and Assistant Corporate Secretary over the past 11 +years have been exemplary and much appreciated.

**MRI Board Actions- Overview.** Board of Directors actions were reported throughout the year in the President's Reports posted to the website in Dec 2021; Feb and May 2022, and included in your packet. Aug 2022 report is pending. Rounded 2022 Budget dollar amounts are given below.

Four land and governance matters were the main foci of the Board's work this year.

The **Liebeskind, or Kaye Camp**, property was purchased Oct 2021 for \$1.8 million, financed by MRI Line of Credit and a commercial loan. After considering various options for recouping the investment, the Board agreed to retain the land, and auction the camps separately, with ground leases. The Whittier family won the Red Camp auction; Jesse Wildrick and his wife Jena Girouard won the New Camp auction. Both transactions have closed. It's thrilling these two properties remain in the hands of mountain families. The Directors were focused and diligent in designing a process that was fair, open, and respected prospective bidder financial confidentiality.

As reported previously, MRI has been looking into a possible **Round Mountain-Riga Lake Highlands Conservation Easement** grant. The 14-member Land Planning Working Group (LPWG) analyzed options and made recommendations which the Board accepted. MRI submitted a Letter of Intent to CT-DEEP. Info sessions and a shareholder vote will be held before the Board makes a decision (see Fact Sheet in your packet). MRI will launch a **Camp & Land Usage Assessment** after the AGM under the guidance of LPWG (see docs in your packet). Thanks to the LPWG for their planning acumen and strategic thinking on these topics.

The **Taconic Plateau Foundation** (TPF) was established Feb 2022 as a 501 c3 tax exempt entity. Congratulations to its Board: Dwight Collin, Barbara Heinemann, Steve Gilman, Jed Marcus, and Phil Schwartz, and its Officers: David Kluchman and Robi O'Brien. No MRI land has been transferred yet as a grant agreement is still wending its way through legal review.

The **Nomination Committee**, building on the 2021 Advisory vote and MRI Board Review Summary Report (2021 AGM packet), solicited governance feedback from shareholders in an on-line survey (March 2022) and seven Listening Sessions and survey (June-Aug 2022) designed and moderated by its 14 members. NomComm's Report is in your packet; its recommendations will be submitted to the Board at its 9/28/2022 meeting. An update will be given at the AGM.

The MRI Board held nine meetings in 2022 with three more planned (Sept, Oct Organizational and Nov). Directors fees/Travel: \$14K (4% of Operating Expenses). Officer Fees: \$6K (2% of Operating Expenses). To date the Board:

- Adopted a Conflict of Interest policy for Directors and Officers. Thanks to the Audit Committee for its work on this and the Bylaws Amendment proposal.
- Approved 2022 Budget (Income: \$326K; Operating Expenses before Taxes: \$329K), prepared by Tom Vail. The main increase in Operating Expenses is attributable to interest on the commercial loan taken to facilitate the Kaye Camp (Liebeskind) purchase. The principal balance on that has been substantial reduced as a result of the Kaye Camp building sales.
- Established, approved Scopes of Work for LPWG and NomComm.
- Appointed Andrea Combes, Chair Maintenance and Security Committee. M&S expenses: \$63K (19% of Operating Expenses).

- Referred proposed By-laws amendment from the Audit Committee for a vote at the 2022 AGM (see packet). Legal and Professional expenses: \$49K (15% of Operating Expenses).
- Enacted all 2022 leases; approved leases for the two Kaye Camps; increased "Kitchen tax" per policy. Lease Income: \$95K (29% of MRI Income); Camp Fees (aka "kitchen tax"): \$33K (10% of MRI Income).
- Corporate Overhead (MRI Office, Legal/Professional (legal, accounting, webhosting, lake testing, forestry), Insurance, Officer and Director Compensation and Travel, Annual Meeting, Contributions): \$113K (34% of MRI Operating Expense).

#### **MRI Officer Overview**

David Warner was elected to his 1<sup>st</sup> year as VP Oct 2021. He has worked tirelessly on the Kaye Camp and with Andrea in her new role chair M&S Committee.

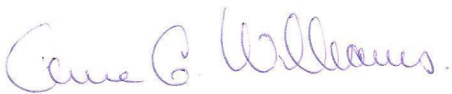
Tom Vail, Treasurer, was elected to his 22<sup>nd</sup> year as Treasurer Oct 2021. He helped bring David Kluchman (Ass't VP, elected to his 1<sup>st</sup> year Oct 2021) up to speed. Tom manages the corporation finances, banking relationships and monitored the bookkeeping and financial reporting functions of the MRI Office. He also was heavily involved in the Kaye Camp. Investment Income: \$198K (61% of MRI Income); Investment Expense: \$89K (27% of MRI Operating Expense).

Jen Whittier was elected to her 2<sup>nd</sup> year as Corporate Secretary Oct 2021; Ana Chrysler and Emily Vail as Ass't Corporate Secretaries. Jen maintains the stock books, effects stock transfers, and oversees many administrative tasks of the MRI office, including shareholder communications and managing the many details to ensure an accurate and transparent AGM.

**MRI Committee Overview.** The proposed **Bylaw Amendment** empowers the President to appoint committee chairs. Heretofore, as the Bylaws are not clear on this point, committee chairs were sometimes appointed by the Board, and other times by the President. Committee members are appointed by the President in consultation with the Chair(s). Committee membership and contact information can be found on the Corporate Info section of the website. Corporate Overhead (MRI Office, Legal/Professional (legal, accounting, webhosting, lake testing, forestry), Insurance, Officer and Director Compensation and Travel, Annual Meeting, Contributions): \$113K (34% of MRI Operating Expense.)

At 100 years and counting, the Mount Riga mission to "preserve and protect" is embodied in every director, officer, committee chair, committee member, volunteer and shareholder - thank you!

With gratitude,



Anne G. Williams, President

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## President's Update Aug 2022

### Board Meetings:

The Mount Riga, Inc. Directors held three meetings between June and Aug 2022 (as of Aug 22, 2022). See Committee report summary below.

- June 13, 2022 (via Zoom): Awarded the New Camp to Jesse Wildrick and Jena Girouard; closed Aug 13, 2022.
- July 6, 2022 (via Zoom): Per Land Planning Working Group (LPWG) recommendation, approved LPWG camp use and expansion plan, (more info forthcoming in the 2022 AGM packet) and suspended consideration of any camp expansion applications under the current policy until such time as a new policy has been adopted. Received update on Nomination Committee Listening Sessions. Approved leaseholder request to do extensive work on their camp (approval required by P&Z). Asked Directors O'Brien and Storey to draft light pollution amendment to Lake Agreements. Received meeting summaries or reports from (ESC), Finance Committee (FinComm), Maintenance and Security (M&S), Land Planning working Group (LPWG) and Nomination Committee (NomComm).
- Aug 3, 2022 (via Zoom): Set Aug 15, 2022 as the shareholder date of record for the 2022 Annual General Meeting of Shareholders (AGM). Set Aug 15, 2022 as the deadline to receive nominations of Director candidates for purposes of including names and bios in the 2022 AGM packet (floor nominations will be accepted). Set Aug 15, 2022 as the deadline to receive shareholder proposals for purposes of including in the 2022 AGM packet. Per FinComm recommendation, approved referral of 2021 MRI Financial Statements to 2022 AGM. Per Audit Committee recommendation; approved referral of Bylaws amendment to the AGM following legal review. Received the nominations of Clay Beer, Andrea Combes, David Cory, and Jen Martin as candidates for MRI Director, and referred to the 2022 AGM. Received results of President's Assessment. Received LPWG and NomComm meeting summaries. Noted logging postponed to Winter 2022-23; Emergency Action Plan (Riga Lake) still underway; Taconic Plateau Foundation (TPF) draft Agreement still under legal review.
- **Officer and Committee reports:**
  - Officers met numerous times primarily on Kaye Camp framework and various investments.
  - *President*: Submitted Round Mountain-Riga Lake Highlands Conservation Easement proposal Letter of intent to CT-DEEP; appraisal Oct 2022 (TBC). Accompanied National Park Service (NPS) monitoring of Bingham Pond Bog National Natural Landmark; Kaye Camp auctions and closings.
  - *Vice President*: Kaye Camp; liaison with NY legal team.
  - *Corporate Secretary*: Kaye Camp; Office and communications management; meeting minutes. AGM planning and prep.
  - *Treasurer*: Kaye Camp; financial oversight of Office; prepare investment reports for FinComm and financial reports for BoD.

## MRI President's Update Final Aug 2022

- *Audit Committee:* Reviewed MRI Bylaws for two “housekeeping” changes. See 8/3/22 BoD Meeting notes above.
- *Environmental Stewardship Committee:* Met 1x. Lake testing on-going.
- *Finance Committee:* met 1x to review investments and 2021 Financial Statements.
- *Land Planning Working Group:* met 2X; referred Round Mt-Riga Lake Highland Conservation Easement proposal to BoD; prepared Camp Usage materials for Board and AGM (see AGM packet); consulted with town, HVA, TNC on various matters.
- *Maintenance and Security Committee:* met 1x, seasonal maintenance, repair steps at Kettle; other 2022 projects, gatekeeper positions, and SALT trail maintenance. Chair coordinated with Appalachian Mountain Club to facilitate AMC access for work on Brassie Brook and Riga Shelters.
- *Nomination Committee:* met 3X. Organized, conducted and compiled results of seven Listening Sessions and on-line survey (Summary in AGM packet)
- The next regular MRI Directors’ meeting is scheduled for Sept 28, 2022 on Zoom.

Please contact me at [president@mountriga.org](mailto:president@mountriga.org) if you have any questions or comments.

Anne G. Williams

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## President's Update May 2022

### Board Meetings:

The Mount Riga, Inc. Directors held four meetings between March and May 2022 (as of May 31, 2022). See Committee report summary below.

- March 2, 2022 (via Zoom): Approved the final 2022 budget, the Kaye Camp (formerly Liebeskind) auction method, and participation for one year in National Carbon Exchange; discussed the proposed Round Mt-Riga Lake Conservation Easement, and draft legal memo from Cramer Anderson regarding the Taconic Plateau Foundation (TPF) gift agreement; received Land Planning Working Group (LPWG) and Nomination Committee (NomComm) meeting summaries.
- April 7, 2022 (via Zoom): Approved Kaye Camp ground lease; approved boundaries and authorized Officers to proceed with the Round Mountain-Riga Lake Conservation Easement proposal with CT-DEEP. This will enable DEEP to engage appraisers (at no cost to MRI). Any further action by MRI will depend on the appraisal. Briefly discussed water rights as referenced in Certificate of Incorporation. TPF draft Agreement pending. Received reports from: Green Berkshires Gridley Mt Biodiversity Survey, Environmental Stewardship Committee (ESC), Finance Committee (FinComm), Maintenance and Security (M&S), LPWG and NomComm.
- May 13, 2022 (via Zoom): Awarded the Kaye Red Camp to Steve Whittier.
- May 29, 2022 (in person): Received no bids for the Kaye New Camp; at the request of two Directors, extended the auction deadline to June 10, 2022. Approved revised boundaries of the Round Mountain-Riga Lake Conservation Easement proposal. Taconic Plateau Foundation draft Agreement still pending. Received Land Planning Working Group (LPWG) and Nomination Committee (NomComm) meeting summaries.
- **Officer and Committee reports:**
  - *President*: Logging postponed to Winter 2022; Emergency Action Plan (Riga Lake) still underway; HVA mapping project concluded; declined a CT-DEEP request to list the furnace, the waterfall and a section of the stream near the Town Gate as locations on its Garnet Trail website. Monitored the posting of SALT/Aquarian/MRI boundaries. Officers met numerous times (Dec '21-May'22), primarily on Kaye Camp framework.
  - *Vice President*: Kaye Camp; liaison with NY legal team; assisting transition of Maintenance & Security Chair.
  - *Corporate Secretary*: Kaye Camp; Office and communications management; meeting minutes. Set up Zoom a/c for Committee use. With Director Clay Beer, conducted the President Assessment 2021-22.
  - *Treasurer*: Kaye Camp; financial oversight of Office. Held a joint Zoom April 6, 2022 with ESC, LPWG and FinComm on carbon offsets.
  - *Audit Committee*: Did not meet

## MRI President's Update Final May 2022

- *Environmental Stewardship Committee*: Met 1x. NEAR 2021 Report received; summer testing schedule outlined.
  - *Finance Committee*: Did not meet.
  - *Land Planning Working Group*: met 2X; referred Round Mt-Riga Lake Highland Conservation Easement proposal to BoD; consulted with town on various matters; referred comments on Taconic Plateau Foundation draft gift agreement to law firm;
  - *Maintenance and Security Committee*: Did not meet. Chair consulted with contractors on roads, security, tennis court and signage.
  - *Nomination Committee*: met 2X. Reviewed draft and final shareholder survey instrument. Conducted survey; submitted findings to Board. Finalized reports for the Board on interviews with similar organization, process for amending bylaws and certificate of incorporation; and review of governance history.
- The next regular MRI Directors' meeting is scheduled for Wed July 6, 2022 on Zoom.

Please contact me at [president@mountriga.org](mailto:president@mountriga.org) if you have any questions or comments.

Happy Summer solstice!

Anne G. Williams



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## President's Update Feb 2022

### Board Meetings:

The Mount Riga, Inc. Directors held two meetings between December 2021 and February 2022 (as of Feb 22, 2022). See Committee report summary below.

- Jan 5, 2022 (via Zoom): Regular meeting. Approved: a conflict of interest policy and annual disclosure form; the Kaye Camp (formerly Liebeskind) draft preliminary framework (see below); the preliminary 2022 Budget; and an extension of time for the Nomination Committee to complete its work. Ratified extinguishment of 1983 Liebeskind Agreement and ROFR. Confirmed a discussion of riparian rights will occur at a future meeting. Received Land Planning Working Group and Nomination Committee meeting summaries.
- Feb 2, 2022 (via Zoom): Special Meeting. Approved: additional components of Kaye Camp (formerly Liebeskind) draft framework; postponement of the Land Use Planning Group- Camp Use Survey; referral of Taconic Plateau Foundation letter and draft Grant Agreement outline for legal and Land Planning Working Group review. Received Land Planning Working Group and Nomination Committee meeting summaries.
- Kaye Camp Developments: As reported in President's update Dec 2021, the Board adopted an Action Plan for the Kaye Camp (formerly Liebeskind). The Board has agreed to a framework for the property. Given the high level of interest in this topic among shareholders, the main components of the framework are described here. There is a lot of fine-tuning still to be done; comprehensive information will be forthcoming. MRI plans to retain the land. In general, the framework envisions two auctions of the buildings only (one for the Red Camp buildings, one for the New Camp building) using a method of sealed bid auction. The auctions would be conducted by a 3<sup>rd</sup> Party Agent. The successful bidder(s) would be offered a ground lease very similar to the existing 2022 ground lease for CT leaseholders. The goal is to complete the transactions in late Q2 or Q3 2022. The Board is committed to a fair and equitable process.
- **Officer and Committee reports:**
  - *President*: Logging planned for Winter 2022; Emergency Action Plan (Riga Lake) still underway; HVA mapping project wrapping up; Officers met 12/6 & 12/20/2021; 1/4; 1/20; 2/10/2022, primarily on Kaye Camp framework.
  - *Vice President*: Kaye Camp; liaison with NY legal team; assisting transition of Maintenance & Security Chair.
  - *Corporate Secretary*: Kaye Camp; Office and communications management; meeting minutes. Set up Zoom a/c for Committee use.
  - *Treasurer*: Kaye Camp; financial oversight of Office.
  - *Audit Committee*: No meeting this period.
  - *Environmental Stewardship Committee*: No meeting this period. NEAR 2021 Report expected soon.
  - *Finance Committee*: No meeting this period.

- *Land Planning Working Group*: met 1/19; Approved Camp Use Survey and referred to Board (Feb 2, 2022); received reports from teams (Easements; Kaye Camp); next mtg 2/15 to consider recommendations for Round Mt-Riga Lake Highland Conservation Easement grant program.
- *Maintenance and Security Committee*: No meeting this period. Andrea Combes became chair on Jan 1.
- *Nomination Committee*: met 12/22/2021; 1/19/2022; and 2/10/2022. Received team reports (Board History and Bylaws); Approved revised timeframe and referred to Board (Jan 5, 2022). Reviewed draft shareholder survey.
- The next regular MRI Directors' meeting is scheduled for Wednesday March 2, 2022 on Zoom.

Please contact me at [president@mountriga.org](mailto:president@mountriga.org) if you have any questions or comments.

Spring equinox is not far off!

Anne G. Williams

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## President's Update December 2021

### We're still looking for a group to organize MRI's Centennial Celebration in 2022/23!

#### Board Meetings:

The Mount Riga, Inc. Directors held four meetings between September and December 2021 (as of December 6, 2021). Officers and Committee reports (see below) approved by consent.

Directors accepted with regret Alice Combes's resignation from the Board on October 8, 2021, with gratitude for her many years of service. The Board exercised Mount Riga's Right of First Refusal (ROFR) on the Liebeskind property August 3 and closed the transaction Oct 1, 2021.

- **By Unanimous consent:** Appointed David Cory to fill the vacancy created by Alice's resignation; approved the Audit Committee Terms of Reference; set 2022 meeting dates.
- **Sept 1, 2021 (via Zoom):** Special meeting; review of Bylaws, nomination and AGM voting processes; directed President to form Nomination Committee within 45 days of AGM; agreed to pose an advisory question to shareholders at the AGM on board model.
- **Sept 30, 2021 (via Zoom):** Regular meeting; info session with MRI legal counsel on AGM and nominations; updates on Liebeskind closing, 2022 leases (most fully executed; two vacant land leaseholders declined 2022 leases); approved formation of a Land Planning Working Group.
- **Oct 3 2021 Community Garden, Mt. Riga:** Organizational meeting with Directors Clay Beer, Andrea Combes, Ethan Gee, Hilary Johnson, David Kluchman, Kevin O'Brien, Will Storey, David Warner, and Anne Williams. Directors elected Officers (Vice-President-David Warner; Corporate Secretary-Jen Whittier; Treasurer-Tom Vail; Assistant Corporate Secretaries – Ana Chrysler, Emily Vail; Assistant Treasurer-David Kluchman); appointed Michael Kluchman co-chair of Environmental Stewardship Committee (ESC); confirmed committee chairs (vice- and co-chairs), to serve until the 2022 AGM.
- **November 17, 2021 (via Zoom):** Special meeting. New Director David Cory seated; accepted final report from, and disbanded the NYLTF, with thanks; adopted an Action Plan for the Kaye Camp (formerly Liebeskind); confirmed members, scope of work for Nomination Committee (12 members) to consider nomination processes, and for Land Planning Working Group (13 members) to focus on planning and preparing recommendations for the Liebeskind property as well as other near term land use issues (NY lands, Round Mountain conservation easement); referred the shareholder proposal on term limits, presented at the 2021 AGM, to the Nomination Committee for review and comment; began discussion on a Conflict of Interest policy for Directors and Officers.
- **Officer and Committee reports:**
  - *President:* Logging contract signed; Emergency Action Plan (Riga Lake) still underway; Round Mountain easement discussions; several Officer meetings held this period.
  - *Corporate Secretary:* concluded Lease rollout; assisted in on-boarding for new Directors David Cory, David Kluchman, and Will Storey; updated Committee lists; Office and communications management; meeting minutes.

- *Treasurer*: financial oversight of Office; obtain insurance and Salisbury Bank & Trust commercial loan for Kaye Camp (Liebeskind) purchase; assisted in on-boarding for new Directors David Cory, David Kluchman, and Will Storey.
- *Audit Committee*: No meeting this period.
- *Environmental Stewardship Committee*: No meeting this period. 2021 season monthly lake testing completed Oct 2021; forest management coordination.
- *Finance Committee*: No meeting this period. Ron Ivey appointed to FinComm
- *Land Planning Working Group*: getting underway. Kickoff meeting 11/30/2021
- *Maintenance and Security Committee*: beaver issues, communications with D. Brazee re reporting and patrols.
- *New York Lands Task Force*: disbanded with thanks.
- *Nomination Committee*: getting underway. Kickoff meeting 11/28/2021
- The next regular MRI Directors' meeting is scheduled for Wednesday January 5, 2022 on Zoom.

**Selleck Hill Land Corporation:**

- SHLC is a wholly-owned subsidiary of MRI. MRI is its sole stockholder.
- AGM held November 17, 2021. Directors elected to serve until the SHLC 2022 AGM: Clay Beer, Andrea Combes, David Cory, Ethan Gee, Hilary Johnson, David Kluchman, Kevin O'Brien, Will Storey, David Warner, and Anne Williams. Officers elected to serve until the SHLC 2022 AGM (President- Anne Williams; Vice-President-David Warner; Corporate Secretary-Jen Whittier; Treasurer-Tom Vail; Assistant Corporate Secretaries – Ana Chrysler, Emily Vail; Assistant Treasurer-David Kluchman).

Please contact me at [president@mountriga.org](mailto:president@mountriga.org) if you have any questions or comments.

Regards & Happy Holidays!

Anne G. Williams

Mount Riga, Incorporated – Annual General Meeting  
2022–2023 Camp & Land Usage Assessment – Initiative Overview

Land Planning Working Group – Camp & Land Usage Sub-Committee  
October 2022

Dear MRI Community:

There have been numerous discussions and several focused efforts over the last 20+ years to understand our community's growth, evolving camp and mountain usage, and the impact on our land and lakes. And, associated efforts to craft thoughtful, long-term approaches to balancing the need/desire for more family gathering and living spaces with important land conservation goals. For many reasons, making concrete progress on this important issue has been elusive despite our community's interest.

## **Background**

The purpose of this document is to provide an overview of a Camp & Land Usage Assessment initiative approved by the Board of Directors this August and planned for kick-off after the Annual General Meeting (AGM). This initiative was recommended by the Land Planning Working Group (LPWG) – comprised of a broad cross-section of MRI community members – and its Camp & Land Usage subcommittee.

We believe it is the right time to commit ourselves to a sustained effort to (1) create a foundational understanding of the changes in our community and how we use the Mountain and (2) plan for the future impact of these changes in synergy with our vital goal of maintaining the Mountain's peaceful, unspoiled magic and our way of life. To do this, we must project and plan beyond ourselves and our immediate circumstances, looking many years into the future to envision and plan for our Mountain community many generations hence.

We have the luxury now of a long runway to engage our whole community proactively and meaningfully and together create a strategic blueprint for how our children, grandchildren, great grandchildren and beyond can enjoy, share, and care for our Mountain legacy.

## **The Time Is Right to Undertake This Initiative**

There are many reasons 2022 – 2023 is an ideal time to start and see this project through:

- 2022 is our 100-year anniversary. And – as we celebrate our shared history – we also have a rare, aligned opportunity to plan for our growth into the future
- Many community members are facing growing space demands as families expand
- With our growth comes expected population pressures on our infrastructure and shared spaces
- The Town of Salisbury has greatly enhanced their Zoning and Planning department and initiatives. Our lakes are not yet included in their new buffer zones, so our proactive planning can help establish guidelines
- The existing camp expansion policy was adopted in 2008 and has not been reviewed since. In that time, our community has evolved greatly (note: the current policy and any consideration of camp expansion applications have been suspended until we adopt an updated policy based on this larger effort.)
  - The current policy is posted on the Annual General Meeting page in the Corporation Info section of the website. <https://mountriga.org/annual-general-meeting-info/>

## **A Multi-Step, Phased Plan**

There is a high level of interest in and many complexities around this topic, and it's very important to a successful, concrete outcome that our entire community is united in purpose and participation. As such, we are planning a year-long, multi-phase process working in close partnership with the Board of Directors and the Environmental Stewardship Committee.

The plan includes family conversations, shareholder Zoom listening sessions, and surveys for information gathering which serve as the foundation for the final step of generating formal recommendations and potential policies or policy changes. Each Phase will inform the next with ample time to adjust based on feedback and learnings. High-level timing is outlined below:

- **Phase 1: November / December 2022 - Family/Camp Conversations**
  - A detailed questionnaire will be provided to families/camps to facilitate detailed conversations about growth and family changes, current/evolving camp and Mountain usage, and the impact on current camp space/needs
- **Phase 2: January / February / March 2023 - Moderated Zoom Sessions**
  - We will host a series of Zoom-based listening sessions to understand more deeply the community's perspective around issues of balancing growth and conservation, on the current policy, and thinking around potential future policies and policy revisions
- **Phase 3: April / May 2023 – Survey**
  - We will field a survey to round-out our understanding of the community's perspective on these issues, content for which will be shaped by family discussions and Zoom listening sessions
- **Phase 4: 6 - 10 Months - Land & Lakes Assessment and Policy Review & Development**
  - More details on this process and deliverables will provided later

## **Immediate Next Steps**

- Later in October, camps/families should be on the look-out for communication about and next steps on the family questionnaire. Please be prepared to engage your clan in these important discussions!

We look forward to discussing this plan/approach together at the 2022 AGM and to embarking on this fun and important project with you all! Many thanks in advance for your participation and support.

Camp & Land Usage Sub Committee: Jen Martin – Chair, Chris Kluchman, Kevin O'Brien, Tim Wells, Javan Whitney-Warner

Full Land Planning Working Group: Anne Williams – Chair, Ben Fay, Elizabeth Dresser-Kluchman, Michael Kluchman, Curtis Rand, Chuck Schwartz, Emily Vail, Jennifer Whittier, Maddie Whittier

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## Round Mountain –Riga Lake Highlands Proposed Conservation Easement Fact Sheet

**WHAT?** Mount Riga, Incorporated (MRI) has a long, successful history of establishing conservation easements within its lands as a means to further its vision to ‘preserve and protect’ the natural environment it holds. In another such step, MRI has signed a Letter of Intent with CT - Department of Energy and Environmental Affairs (DEEP) regarding the potential sale by MRI to DEEP of a Highlands Conservation Act Easement (“Easement”). The Highlands Conservation Act (“Highlands”) provides US Government money to five states, including CT. Highlands pays 50% of the Fair Market Value (FMV) of areas being conserved.

**WHERE?** The proposed Easement lies within MRI’s land in CT. The Easement would be on two separate, non-contiguous areas totaling 273 acres +/-: 185 acres +/- on Round Mt (at the MA line) and 88 acres +/- on a portion of the north shore of Riga Lake. See map. The section of the north shore omitted from the Easement preserves lake access for current and future Mt. Riga residents and camps.

**WHO?** The **Parties** to this possible conservation easement are MRI, DEEP, Housatonic Valley Association (HVA), and The Nature Conservancy (TNC), Connecticut Chapter. (By way of background, TNC-CT has held our 400 acre +/-: conservation easement on Bald Peak-Bingham Pond since @ 1992. TNC-NY holds our conservation easement on 425 acres +/- in NY.) **The Public** will have the right of access to the existing Round Mt/Mt. Frissel trail only (see map). Public access is a requirement of Highlands. No public access will be permitted anywhere else in the Round Mt. or the north shore of Riga Lake portions of the Easement.

**WHY?** This Easement is the next logical step in our long history of conservation. The multiple benefits from this conservation easement revenue include: maintain MRI’s general fiscal health, build back reserves, replenish funds spent on the Kaye Camp (Liebeskind) purchase, and provide MRI’s ability to do more in the future.

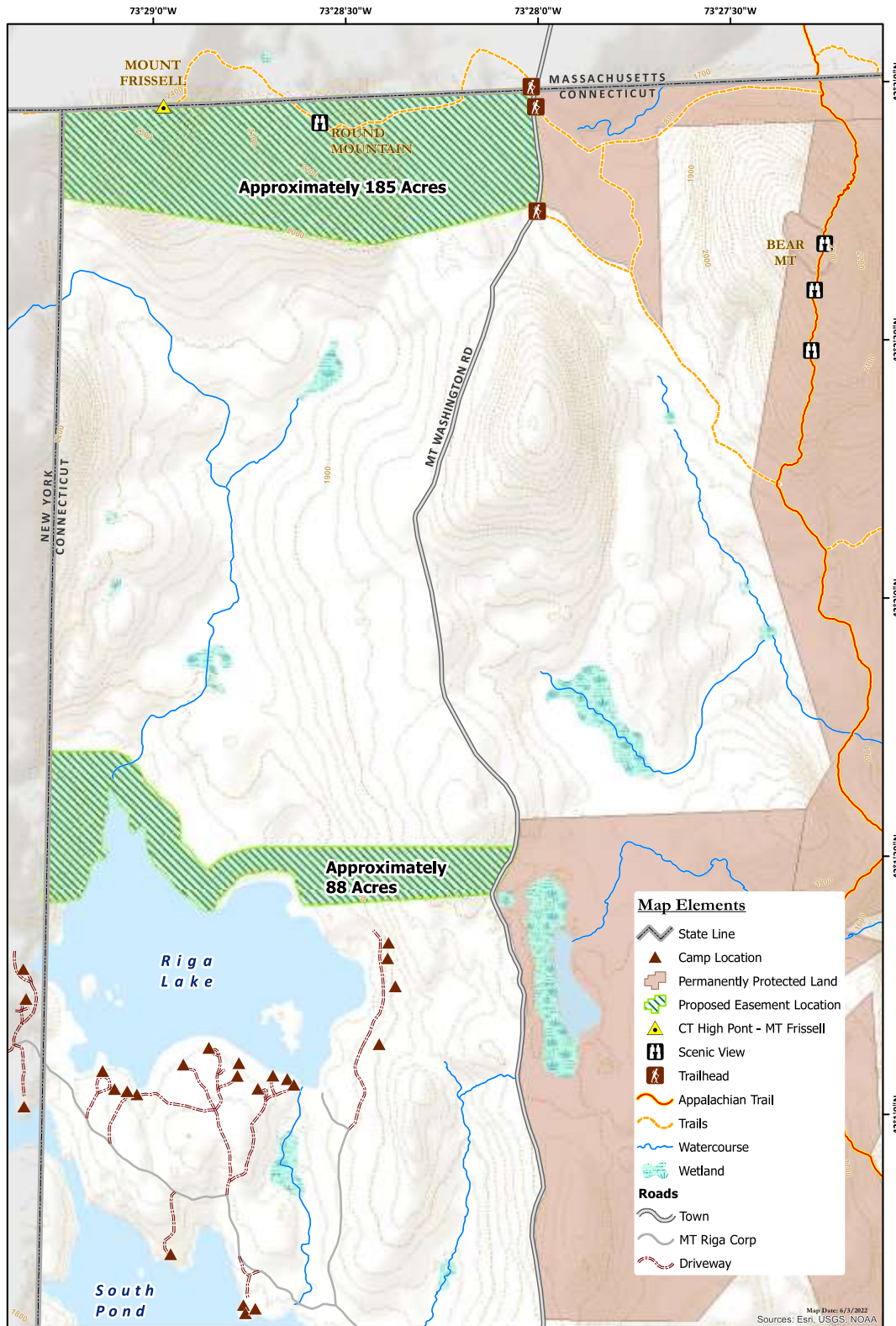
**HOW?** DEEP will get a certified appraisal for the FMV, paid for by HVA and TNC. The Board can accept or reject the appraisal. MRI receives 50% of the FMV. The **EXTREMELY ROUGH** potential gross revenue to MRI ranges from \$375,000 to over \$1 million (assuming shareholders approve both portions of the Easement, see below). If the Board accepts the appraisal, there will be a survey and legal work. MRI, HVA and TNC between them determine possible sources of funds for the balance of the 50% FMV, and the other work to complete the Easement.

**WHEN?** The appraisal is likely to take 3-6 months. **SHAREHOLDERS** will be asked to approve the Easement at the 2022 AGM or a special shareholder meeting called for that purpose. The two-part question will look something like this:

- Yes/No - Round Mt portion [Advisory vote only - Shareholder approval NOT required].
- Yes/No - North Shore of Riga Lake portion [Binding vote. Per the Certificate of Incorporation, granting a conservation easement on the north shore of Riga Lake requires approval from **80% of shareholders.**]

**MORE INFO?** Look for Webinars and education sessions in future!

**Proposed Easement: Round Mt (185 acres+/-) and north shore of Riga Lake (88 acres +/-)**



**Mt Riga Proposed Easement Location  
Salisbury, Connecticut**

All property shown on map is privately owned

1 inch = 1,000 feet  
1:12,000



Map Prepared by:  
Stacy Deming, GISP  
GIS Manager  
HVAMaps@gmail.com  
Housatonic Valley Association



**DATE: AUGUST 22, 2022**  
**TO: MRI SHAREHOLDERS**  
**FROM: TOM VAIL, TREASURER**

## **TREASURER'S REPORT**

The financial condition of Mount Riga Inc (MRI) is solid and strong. The recent financial statements enclosed in your shareholder package summarize the favorable trend of revenues exceeding expenses, so that MRI can “save” money each year. We expect this trend to continue, and we aim to be stronger in the next 100 years than we have been over the last century. With a sound financial foundation, it is inspiring to believe all appropriate dreams, missions and objectives of MRI shareholders can be more easily realized.

Over the 12-18 months, several financially impactful events occurred, which are summarized here:

- a) Purchased the Kaye Camps from Elise Liebeskind for \$1.8 million, plus closing costs in Oct 2021.
- b) Expanded borrowing capacity to \$2 million with Salisbury Bank and borrowed an incremental \$1.625 million to fund the purchase of the Kaye Camps.
- c) Sold 80,551 board feet of timber for \$39,825 in Sept 2021, pursuant to a timber contract
- d) Executed new 15-year leases with traditional “Mountain” residents
- e) Agreed to sell ~\$9,800 of carbon credits to Natural Capital Exchange, pursuant to one-year contract
- f) Completed two auctions to sell the Kaye Camp buildings to two “Mountain” families, and entered into two new 15-year ground leases with the respective families
- g) MRI retains ownership of the 15.6 acres acquired from Elise Liebeskind
- h) Reduced the outstanding loan balances to \$700,000 from \$1.8 million in August 2022.
- i) Renewed the lease to Family Dollar in Gastonia, NC for five more years (2022-2027) at higher rent

### FYI: Interesting housing development in Gastonia, NC near Family Dollar

MRI owns a four-acre parcel in Gastonia, NC and leases one of those acres to Family Dollar. There is a new housing development underway on vacant parcel nearby. The 100-acre property has been re-zoned and annexed into the City of Gastonia with approval for over 400 homes. In addition, the intersection next to the Family Dollar will eventually be expanded to allow for the development of a new road toward the housing development. It will likely take years for this road to be built as planned but it highlights possible improvements in traffic patterns. In addition, a few other housing developers are entitling building lots in this same neighborhood. City planners expect as many as 3,000-4,000 homes to be entitled in this area very shortly. Home prices in Charlotte have increased and working-class families are seeking better housing options further from the heart of Charlotte. In addition, Amazon and other logistics companies have built a lot of warehouse and distribution space along the I-85 Atlanta to Charlotte corridor. As a result, the value of MRI's extra land (the land not leased to Family Dollar) in Gastonia may become more valuable and the Family Dollar location may generate higher rents in response to better traffic counts.

The investment strategy of owning stocks for capital appreciation and real estate for steady cash flow is working well. The stocks provide tax-efficient growth that compound with minimal expense and labor effort, whereas real estate produces steady cash flow albeit with more labor and managerial expense. For context, prior to 1979, the MRI financial balance sheet was not robust. Even as recent as 1998, there was only \$275,000 in the custody account. Today, we have nearly \$4,000,000 in liquid assets and over \$150,000 in annual cash flow from direct real estate investments in Florida and North Carolina.

## Rationale of MRI Investment Selections

**Equities** have attractive qualities for MRI because they are primarily capital appreciation investments with minimal tax consequences, so wealth is created in a tax efficient manner for a C-corporation. In addition, equities tend to have very low maintenance costs compared to real estate, so equities are optimal for passive growth of wealth. Furthermore, MRI as a C-corp benefits from dividends received from other corporations. Approximately 50% of dividend income received is shielded by a 'dividend-received-deduction' or DRD – this is a unique tax benefit to C-corps that individual taxpayers do not enjoy.

**Direct Real Estate** investments resulting from 1031 exchanges have attractive qualities for MRI because the capital gain is deferred so the full value of proceeds can be reinvested (there is very little tax leakage). In addition, many real estate investments offer higher income yields than offered in marketable fixed income instruments, albeit with the acceptance of illiquidity or lack of marketability. MRI is prepared to accept some amount of illiquid risk due to its long investment horizon. In some respects, the use of real estate by MRI is a replacement for fixed income instruments, with the additional benefit that real estate usually appreciates in value and often keeps pace with inflation.

## Historical Context

Prior to 1980, MRI had no significant investable assets. After the sale of land to the National Park Service (NPS) in 1980, MRI invested in several real estate properties (and SHLCo), bonds/private notes and a few equity mutual funds. The real estate properties took advantage of the 1031 tax code provisions which allowed the deferral of capital gains on the NPS land sale. Generally, the real estate investments relied on rental income as a source of return, but many of the early investments were in raw land. Effectively, the 1031 exchanges deferred money that would otherwise be paid to the IRS in tax. Furthermore, they created income that MRI did not previously have the capability to earn off the vacant forest lands in CT. Various real estate transactions took place between 1981 and 2002 – ranging from an apartment building in Lakeville, raw land in Lakeville, land under a bank in Florida, condos in Sharon and a tire/auto repair garage in Florida. The Florida tire store was purchased in 1995 and it is the only remaining 1031 property that MRI currently owns from the NPS proceeds. The Family Dollar in Gastonia, NC was purchased in 2008 from 1031 proceeds generated from the sale of land to NY State.

In the period from 1980 to 1999, real estate was more heavily weighted in the asset allocation of MRI. The strategic thinking that led up to the "MRI Advance" in 1994, which developed the "war chest" idea of saving money indefinitely to possibly spend on future opportunities or threats. The asset allocation mix began to change in 1999 when MRI decided to NOT reinvest the 1031 proceeds from the sale of the Selleck Hill Land Co property on Lincoln City Road. This resulted in paying the tax and MRI Finance Committee embarked on a more focused effort to increase the asset allocation in equities. Several favorable and well-timed decisions in the 2000-2002 era allowed MRI to build a broad program of index funds that subsequently performed very well. The tilt toward index funds and smaller cap index funds proved beneficial for MRI. In the early 2000s, two Sharon condos were sold and reinvested in equities (again we paid the tax and passed on the 1031 opportunity even though we did consider a few options). This series of investments in equities over a five-year span laid the groundwork for the current growth in the equity portfolio.

We primarily have invested in index funds because they are a cost-effective way to gain exposure to the broad stock market trends. Essentially, benchmark performance is good enough for MRI over a 10-to-50-year horizon. Equities will help MRI's assets grow faster than inflation in long run. Periodically, we have used single stocks, preferred stocks or actively managed mutual funds, but we have generally avoided them unless very compelling. We did have a favorable experience with Pope Resources, which we bought in 2005 and exited in 2020 as it was acquired by Rayonier. We still own some Rayonier today.

**Proposed By Laws Amendment Article II, Section 6:**

The Board unanimously recommends the shareholders vote YES to adopt an amendment, (underlined) to Article II, Section 6 of the MRI Bylaws, as proposed by the Audit Committee.

The Article II, Section 6 amendment clear up two ambiguities. The Para 1 amendment makes clear the President can appoint committee chairs. The current Bylaws did not spell out who can appoint committee chairs. The Audit Committee recommends that committee chairs should be selected by the President.

The Para 2 amendment establishes the Finance Committee as a standing committee, and embeds in the Bylaws a policy adopted by the Board (but not by shareholders) in 1995 regarding the Finance Committee (FinComm) Chair's position vis a vis Board meetings. The Audit Committee recommends formalizing the status of the FinComm Chair as an ex officio non-voting member of the Board. The Audit Committee finds there is clear value in having a standing FinComm, and in having the FinComm Chair attend Board Meetings.

>>>>>>>>>

**ARTICLE II SECTION 6 – COMMITTEES OF DIRECTORS**

The Board of Directors may, by resolution passed by a majority thereof, designate one (1) or more committees, each committee to include one (1) or more directors. A Committee Chair or Committee Chairs shall be appointed by the President who may but is not required to seek approval from the Board of Directors. Additionally, the committees may have such additional members, who need not be directors or stockholders, as may be determined from time to time by the President of the Corporation after consultation with the Chairman of any affected committee. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Such committees to the extent provided in the resolution, shall have and may exercise such powers that the Board of Directors may delegate for the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it. The committees shall keep records of their proceedings and report the same to the President and/or the Board of Directors when requested to do so.

The Corporation shall have a standing Finance Committee. The Chair of the Finance Committee shall serve as an ex officio non-voting member of the Board of Directors and as such shall have a standing invitation to attend all meetings of the Board of Directors.

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**Mount Riga Incorporated and  
Subsidiary**  
Financial Statements

December 31, 2021 and 2020

**Mount Riga Incorporated and Subsidiary**  
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**Partners**

Jeffrey D. Belair, CPA  
Bryon M. Sherman, CPA  
Colin H. Smith, CPA, MSPA

**Of Counsel**

Robin A. Markey, CPA



Accountant's Compilation Report

To the Board of Directors of  
Mount Riga Incorporated and Subsidiary

Management is responsible for the accompanying financial statements of Mount Riga Incorporated and Subsidiary (a corporation), which comprise the statements of assets, liabilities, and equity—income tax basis as of December 31, 2021 and 2020, and the related statements of revenues, expenses, and retained earnings—income tax basis and statements of cash flows—income tax basis for the years then ended in accordance with the income tax basis of accounting, and for determining that the income tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the income tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Smith, Watson & Company, LLP  
June 29, 2022  
Pittsfield, MA

**Mount Riga Incorporated and Subsidiary**  
**Statements of Assets, Liabilities, and Equity—Income Tax Basis**  
**December 31, 2021 and 2020**

|  | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|
| <b>Assets</b>  |                     |                     |
| Current assets:  |                     |                     |
| Cash and cash equivalents  | \$ 224,896          | \$ 313,463          |
| Marketable securities, at cost (see Note 1)  | 882,342             | 887,935             |
| Prepaid expenses   | -                   | 9,537               |
| Accounts receivable, rent & assessments  | -                   | 5,728               |
| Other current assets   | <u>1,200,000</u>    | <u>-</u>            |
| <b>Total current assets</b>  | <u>2,307,238</u>    | <u>1,216,663</u>    |
| Fixed assets:  |                     |                     |
| Land   | 768,041             | 125,502             |
| Building and equipment   | 1,016,360           | 1,073,966           |
| Accumulated depreciation   | <u>(456,713)</u>    | <u>(489,550)</u>    |
| Fixed assets, net (see Note 2)   | <u>1,327,688</u>    | <u>709,918</u>      |
| <b>Total assets</b>  | <u>\$ 3,634,926</u> | <u>\$ 1,926,581</u> |
| <b>Liabilities and stockholders' equity</b>  |                     |                     |
| Current liabilities:   |                     |                     |
| Accounts payable and accrued expenses  | \$ 9,626            | \$ 9,627            |
| Taxes payable  | 21,072              | 53,249              |
| Deposit payable and deferred income  | <u>5,700</u>        | <u>5,700</u>        |
| <b>Total current liabilities</b>   | <u>36,398</u>       | <u>68,576</u>       |
| Long-term line of credit (see Note 4)  | 300,000             | 175,000             |
| Long-term debt (see Note 5)  | <u>1,500,000</u>    | <u>-</u>            |
| <b>Total liabilities</b>   | <u>1,836,398</u>    | <u>243,576</u>      |
| Stockholders' equity:  |                     |                     |
| Common stock, \$10 par value, 3,250 shares authorized,<br>3,000 shares issued and 2,900 shares outstanding | 30,000              | 30,000              |
| Paid in capital  | 2,766               | 2,766               |
| Cost of treasury stock, 100 shares (see Note 6)  | (251,157)           | (251,157)           |
| Retained earnings  | <u>2,016,919</u>    | <u>1,901,396</u>    |
| <b>Total stockholders' equity</b>  | <u>1,798,528</u>    | <u>1,683,005</u>    |
| <b>Total liabilities and stockholders' equity</b>  | <u>\$ 3,634,926</u> | <u>\$ 1,926,581</u> |

See accompanying selected information and accountant's compilation report.

**Mount Riga Incorporated and Subsidiary**  
**Statements of Revenues and Expenses and Retained Earnings—Income Tax Basis**  
**For the Years Ended December 31, 2021 and 2020**

---

|  | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|
| <b>Revenue:</b>                          |                     |                     |
| Rental income                            | \$ 236,225          | \$ 243,157          |
| Assessments                              | 30,140              | 30,140              |
| Forestry and timber                      | 20,000              | -                   |
| Interest, dividend, and MLP income       | 52,267              | 47,780              |
| Capital gain                             | <u>84,899</u>       | <u>270,132</u>      |
| <b>Total revenue</b>                     | <u>423,531</u>      | <u>591,209</u>      |
| <b>Operating expenses:</b>               |                     |                     |
| Security                                 | 45,066              | 44,402              |
| Maintenance and repairs                  | 17,617              | 29,057              |
| Property and other taxes                 | 67,384              | 64,653              |
| Administration:                          |                     |                     |
| Office and payroll                       | 34,448              | 32,017              |
| Officers' and Directors' fees and travel | 24,542              | 22,828              |
| Legal and professional                   | 41,501              | 29,981              |
| Insurance                                | 2,222               | 2,520               |
| Miscellaneous                            | 459                 | 8,447               |
| Investment Expenses:                     |                     |                     |
| Property management fees                 | 12,000              | 12,000              |
| Asset management fees                    | 5,446               | 8,014               |
| Interest expense                         | 21,131              | 6,268               |
| Property maintenance                     | 353                 | 7,751               |
| Depreciation                             | 24,769              | 24,769              |
| Kaye Camp:                               |                     |                     |
| Insurance                                | 6,703               | -                   |
| Maintenance and repairs                  | <u>1,607</u>        | <u>-</u>            |
| <b>Total Operating Expenses</b>          | <u>305,248</u>      | <u>292,707</u>      |
| <b>Income (Loss) from Operations</b>     | 118,283             | 298,502             |
| <b>Other Income</b>                      |                     |                     |
| Tax refunds                              | <u>19,184</u>       | <u>-</u>            |
| <b>Total Other Income</b>                | <u>19,184</u>       | <u>-</u>            |
| Federal and state income taxes           | <u>(21,944)</u>     | <u>(54,486)</u>     |
| <b>Net Income (Loss)</b>                 | 115,523             | 244,016             |
| Retained earnings, beginning of year     | <u>1,901,396</u>    | <u>1,657,380</u>    |
| <b>Retained earnings, end of year</b>    | <u>\$ 2,016,919</u> | <u>\$ 1,901,396</u> |

See accompanying selected information and accountant's compilation report.

**Mount Riga Incorporated and Subsidiary**  
**Statements of Cash Flows—Income Tax Basis**  
**For the Years Ended December 31, 2021 and 2020**

|  | <u>2021</u>        | <u>2020</u>       |
|--|--------------------|-------------------|
| <b>Cash flows from operating activities:</b>   |                    |                   |
| Net Income (loss)  | \$ 115,523         | \$ 244,016        |
| Adjustments to reconcile net loss to net cash provided<br>by (used in) operating activities: |                    |                   |
| Depreciation   | 24,769             | 24,769            |
| Forgiveness of debt  | -                  | 3,998             |
| Dividends receivable   | -                  | -                 |
| Accounts receivable  | 5,728              | 5,119             |
| Prepaid taxes  | -                  | 405               |
| Prepaid expenses   | 9,537              | (101)             |
| Marketable securities, cost  | 5,593              | (805)             |
| Other current assets   | (1,200,000)        | 35                |
| Accounts payable and accrued expenses  | (1)                | 3,352             |
| Taxes payable  | <u>(32,177)</u>    | <u>53,249</u>     |
| <b>Net cash provided by (used in) operating activities</b>                                   | <u>(1,071,028)</u> | <u>334,037</u>    |
| <b>Cash flows from investing activities:</b>   |                    |                   |
| Purchase of land   | (642,539)          | -                 |
| Investment purchases   | -                  | (175,681)         |
| Investment distributions   | <u>-</u>           | <u>51,693</u>     |
| <b>Net cash used in investing activities</b>   | <u>(642,539)</u>   | <u>(123,988)</u>  |
| <b>Cash flows from financing activities:</b>   |                    |                   |
| Proceeds from line of credit   | 125,000            | -                 |
| Proceeds from long-term debt   | <u>1,500,000</u>   | <u>-</u>          |
| <b>Net cash provided by financing activities</b>   | <u>1,625,000</u>   | <u>-</u>          |
| Net increase (decrease) in cash and cash equivalents   | (88,567)           | 210,049           |
| Cash and cash equivalents, January 1   | <u>313,463</u>     | <u>103,414</u>    |
| <b>Cash and cash equivalents, December 31</b>  | <u>\$ 224,896</u>  | <u>\$ 313,463</u> |
| <b>Supplemental disclosures of cash flow information:</b>                                    |                    |                   |
| Interest paid  | <u>\$ 21,131</u>   | <u>\$ 6,268</u>   |
| Income taxes paid  | <u>\$ 55,151</u>   | <u>\$ 2,125</u>   |

See accompanying selected information and accountant's compilation report.

### 1. Marketable Securities

Marketable securities are reported in the financial statements at historic cost. The following amounts represent cost and market value at December 31, 2021 and 2020 for the major categories of investments:

| Security        | 2021              |                     | 2020              |                     |
|-----------------|-------------------|---------------------|-------------------|---------------------|
|                 | Cost              | Market Value        | Cost              | Market Value        |
| Common equities | 882,342           | 4,047,009           | 887,935           | 3,272,139           |
|                 | <u>\$ 882,342</u> | <u>\$ 4,047,009</u> | <u>\$ 887,935</u> | <u>\$ 3,272,139</u> |

### 2. Fixed Assets

Fixed assets are reported on the financial statements at historic cost for equipment and at income tax basis for real property. The Board of Directors (“Board”) believes that it would not be a prudent use of company funds to have the real estate appraised periodically by independent appraisers. Therefore, the Board offers no opinion as to the present value of the real estate holdings. The following is a summary of the financial statement amounts and actual historical costs: Property and equipment, net of depreciation, held for leasing consists of the following at December 31, 2021 :

| Description                    | Date Acquired | Tax Basis           | Original Cost       |
|--------------------------------|---------------|---------------------|---------------------|
| North Carolina rental property | 6/13/2008     | \$ 538,766          | \$ 1,170,000        |
| Equipment and website          | Various       | -                   | 88,535              |
| Florida rental property        | 6/13/1995     | 55,134              | 500,000             |
| Mount Riga property            | Various       | 91,249              | 241,358             |
| Kaye Camps land                | 10/1/2021     | <u>642,539</u>      | <u>642,539</u>      |
| Property and equipment, net.   |               | <u>\$ 1,327,688</u> | <u>\$ 2,642,432</u> |

### 3. Other Assets

The Company purchased the Kaye Camp premises at 599-607 Grassy Pond Drive in Northeast, NY on October 1, 2021 for a total purchase price of \$1,800,000. The land included two camp structures valued at \$1,200,000. One of these structures was sold on June 28, 2022 while the other remaining structure will be sold shortly thereafter. As such, these two assets are reported as other short-term assets. The remaining difference of \$600,000, along with \$42,539 in capitalized closing costs were allocated as Kaye Camp land, as indicated in Note 2 above.

### 4. Line of Credit

The Company has a line of credit with Salisbury Bank & Trust. In September 2021, the total amount available decreased to \$500,000. The line calls for monthly interest payments based on amounts outstanding. The interest rate on the line of credit at December 31, 2021 and 2020 was 3.5% and 5%, respectively. Total outstanding on the line of credit was \$300,000 at December 31, 2021 and \$175,000 at December 31, 2020. The line has covenants.

**5. Long-Term Debt**

The Company entered into a \$1,500,000 loan with Salisbury Bank & Trust on September 23, 2021. The loan's purpose is to help finance the October 1, 2021 purchase of the Kaye Camp. The interest rate on the loan is fixed at 3.80% until September 2026, thereafter the rate will adjust every five years. The loan has a 15-year term, with the first two years requiring interest only payments. The loan has covenants.

**6. Treasury Stock**

The Company purchased 100 shares of Mount Riga Incorporated stock on March 6, 2017 for \$250,000, along with associated legal costs of \$1,157. The shares were purchased from the spouse of a deceased shareholder whose shares were subject to the Warner Family Shareholder Agreement. Pursuant to that agreement, the Company had the right, but not the obligation, to buy the shares for a price that was set by a third party's offer to purchase those shares. The Board of Directors decided that it was in the best interests of the Company to purchase the shares.

**7. Related Party Transactions**

The Company pays property management fees related to its Florida property to Federal Property Company (FPC). Fees paid to FPC were \$6,000 and \$6,000 for the years ended December 31, 2021 and 2020, respectively. FPC is owned and managed by individuals who are also Mount Riga Incorporated shareholders. From time to time, these same individuals serve as board members or officers of the Company.

**8. Subsequent Events**

The Company sold one of the Kaye Camp structures on June 28, 2022 for \$662,500, pursuant to an auction conducted in April 2022. Additionally, the Company is under contract to sell the remaining Kaye Camp structure, pursuant to an auction conducted in June 2022.

Management has evaluated events and transactions after the balance sheet date through June 29, 2022, the date that the financial statements were available to be issued, and determined that all appropriate subsequent event disclosures have been made.

**Mount Riga, Incorporated**  
Minutes of the Annual General Meeting of the Shareholders  
October 3, 2021  
Location: Community Garden, on Mountain, Salisbury CT.

**Call to Order**

The President, Anne Williams, opened the meeting and welcomed everyone. The meeting was called to order at 11:35 a.m.

**Quorum**

A quorum was established with 2,676 shares (92%) represented in person and by proxy. 1,559 shares in person, 1,117 by proxy.

**1. President's Report**

- Detailed written report was included in the AGM packet.
- Anne thanked those responsible for the AGM organization:
  - Jen, Ana, Emily for communications and setting up the balloting for today's meeting, in consultation with our corporate counsel Cramer-Anderson.
  - Jim Dresser for bushhogging the field.
  - Tent Crew for setting up the tent.
  - The Heinemanns for hot dogs at the Community Garden, Eric & Barbara Heinemann and Quad Conquest for helping in the tallying process.
- Additional thanks and recognition to:
  - Bridget, Office Manager, responsible for bookkeeping and back-end office support.
  - Danny Brazee Jr., for security and maintenance.
  - Roger Newkirk, Chris Anderson for their great work.
- Quad Conquest provided a brief report on the Tennis Tournament.
- Rob Miller gave an update on the new South Pond community float.
- Frank Whittier shared an update from the regatta held in August.
- Bill Moore was thanked for his updated Riga Family Lineages.
- Mariah Morgan - CEO of Stoutheart - provided an update on the website and noted the ongoing work to remedy the recent access issues.
- Sympathies extended to the family of Charlie Whittier, who died in June.
- Sympathies also to the Wells family, who celebrated the lives of Frank Wells, Sr., and Bob Thornberry at lovely memorial services held this summer.
- Welcome to new babies Gigi Giegucz and Lila Shedd.
- Frank Wells and Steve Phillips are rotating off the Board. Both were thanked for their service. Clay and Anne presented a recap of Steve's long tenure, along with several gifts to remember his service to the Board.

- **Liebeskind (Kaye) camp**
  - Anne acknowledged and thanked David Warner, who worked tirelessly on the acquisition. The closing is scheduled for the week of October 4, 2021. Upon closing, the next step will be to consider various options for recouping the investment. No decisions have been made. Directors and Officers have committed to a fair and transparent process. Regular updates will be provided throughout 2021 and 2022.
  - Charlie Vail congratulated and commended the Officers and Directors for relentlessly pursuing the strategic opportunity to secure the borders of Mount Riga and provide a measure of protection.
- **2022 leases**
  - Many thanks to the hard work of the Lease Committee. Of 17 leases, 13 are fully executed. New leases take effect Jan 1, 2022.

Shareholders then received reports from the Treasurer and Committees.

## **2. Treasurers Report – Tom Vail**

- Detailed written report was included in the AGM packet.
- Tom Vail presented the Treasurers report highlighting the strong position of MRI, particularly the solid position to purchase the Liebeskind camp.

## **3. Committee & Task Force Reports**

- **Environmental Stewardship Committee – Emily Vail & Frank Whittier**
  - Detailed written report was included in the AGM packet. Lake testing continues and is going well.
- **Forestry – Michael Kluchman**
  - Michael Kluchman provided highlights of Curtis’s report – thank you for ongoing conservation work, management of forest, particular note of upcoming logging cut occurring over the winter. Two cuts along the Mtn road. A serious gypsy moth infestation is expected for summer 2022. Due to Emerald Ash Borer, the Mtn. may lose 90-95% of its ash trees. Curtis notes about 5 % of ash trees are resistant to the pest. He recommends leaving some ash in place to generate potential resistance.
  - Mike Rogers in consultation with the American Chestnut Foundation, identified two flowering American Chestnut trees. Mike worked to collect 50 burrs from two trees allowing viable nuts to be planted elsewhere. We thank Mike for his efforts.
- **Maintenance & Security Committee**
  - The written M&S committee report was included in the AGM packet.
  - David Warner (co-chair) and Andrea Combes (co-chair) noted no additional comments at this time.



- **Governance update**
  - The written Board Summary Report was included in the AGM packet. Anne noted the Board functions as the Governance Committee; the report described board governance work to date.
- **Voting overview**
  - Corporate Secretary, Jen Whittier provided an overview of the paper voting ballots and voting process. Proxy holders were instructed to fill out the paper ballots and to submit proxies received as a cross-check.

#### 4. New York Lands Task Force (NYLTF) Resolution

- Barbara Heinemann presented a brief summary and introduction. Task force started in 2020 and has provided a number of presentations to Officers & Directors, as well as Shareholders.
- Barbara reviewed the resolution and its intended meaning. The NYLTF recommends forming a non-profit organization, to be called *Taconic Plateau Foundation (TPF)*, as a 501 c.3. A brief overview of the financials was provided highlighting the proposed property tax savings.
- Next steps, assuming Shareholder approval, consist of the Organizing Committee (Steve Gilman, Jr.; Phil Schwartz, Barbara Heinemann, Dwight Collins and one other member) to form the non-profit foundation.
- NYLTF recommends that MRI approve a grant agreement before 12/31/2021 to transfer a portion of the land. The foundation after 12 months of ownership would apply for RE tax exemption.
- Robi O-Brien, co-chair, thanked Barbara for her hard work. Robi called attention to a possible land swap with NY State Park. The current NY Park manager for the region has expressed an interest in acquiring a portion of MRI land to connect Rudd Pond. Robi noted the need for a non-profit entity to conduct the exchange; noting the NY Park Service requirements (as communicated by NY Park Manager) against transacting a land swap with a foreign Corporation or for-profit Corporation. Robi proposed a non-profit (TPF); the park manager indicated a willingness to consider.
- David Kluchman noted the original intent of the task force was to evaluate the tax assessment (approx. \$25,000), however, upon review the Task Force noted that MRI may be under assessed for certain acreage. Under the grant agreement, MRI will retain two buildable lots referred to as “Grassy Pond lots”. MRI would retain responsibility for taxes on the two buildable lots.
- Upon motion duly made by Andrea Combes and seconded by Charlie Vail, the following resolution was put before the shareholders:
  - **WHEREAS:** *The Board of Directors of Mount Riga Incorporated (“MRI”) unanimously approved a proposal (the “Proposal”) from the New York Lands Task Force (“NYLTF”) for the transfer of certain land in New York State to the Taconic Plateau Foundation (“TPF”), a not-for-profit corporation to be formed, which land is now owned by MRI and which is subject to conservation easements; and*

- **WHEREAS:** *The Board of MRI referred the Proposal to its shareholders for their approval;*
  - **NOW THEREFORE BE IT RESOLVED THAT:** *We, the shareholders of MRI, hereby approve the Proposal and urge the Officers and Directors of MRI to take all appropriate action to put the Proposal into effect.*
- Discussion followed.
  - By motion duly made, seconded and approved by voice vote, the ballot voting process was opened; none opposed; no abstentions.
  - The resolution was put to paper ballot vote.
  - On motion duly made, seconded, and approved by voice vote, the ballot voting was closed; none opposed; no abstentions.
  - Ballots were counted during a later recess.
  - The motion to adopt the NYLTF resolution passed 1,394 in favor; 1,263 against; 5 abstentions.

#### **5. Governance Advisory Vote**

- Clay Beer provided an overview of the Board work to date, as referenced in the summary report provided in the AGM packet. He reminded shareholders that the Board authorized the President to form a Nomination Committee within 45 days of the AGM.
- Anne opened the floor for discussion.
- Jim Dresser read a prepared statement. Mr. Dresser's statement is entered into the record as Addendum 1 to the minutes. Several shareholders pointed out the advisory vote language was confusing.
- Anne closed the vote by voice vote.
- Ballots were reviewed during a later recess. The vote is advisory only; the tally and comments will be provided to the Nomination Committee for further consideration, and to Shareholders at a later date.

#### **6. Shareholder proposal regarding change to Board of Dir. Nomination process**

- Anne received a request from Will Storey to speak to the Shareholders on this topic.
- Will Storey, on behalf of the Wells family, addressed Shareholders. The Wells family and Will Storey, supporting the fair election of an Independent candidate, offered the Independents more time to duly elect their candidate; he agreed, that if elected, he will step aside at some point, with the intention of making that seat available for a duly elected Independent. He reiterated that the Wells family wishes to advance the governance / nominating process and sincerely wishes to see an Independent on the Board.

#### **7. Approval of the Minutes of the 2020 Annual Meeting**

On motion duly made and seconded, the minutes of the 2020 annual meeting of Shareholders of Mount Riga, Inc. held on October 5, 2020 were unanimously approved by voice vote.

#### **8. Financial statements**

On motion duly made and seconded the financial statements of the company for the fiscal year ended December 31, 2020 were unanimously approved by voice vote.

### **9. Approval of Directors' actions**

On motion duly made and seconded the Directors' actions for the prior year were approved by majority voice vote; one against and no abstentions.

### **10. Election of Directors**

Anne introduced the nomination process. There are three Director seats open; seven nominations, Jen Whittier withdrew, leaving six nominees:

- Jen Brooks
- David Kluchman
- Martha McCabe
- Will Storey
- Anne Williams
- Steve Griggs.

Steve Griggs addressed the Shareholders. He thanked the Heinemanns for his nomination and withdrew his nomination.

Anne asked for floor nominations. There were no nominations from the floor. On motion duly made and seconded, the nominations were closed.

Jen Whittier explained the new paper balloting process for Director elections. The three nominees receiving the most votes will be elected.

Ballot voting was conducted. The meeting was recessed to conduct the vote tally.

After a wonderful lunch of hot dogs and sauerkraut provided by the Heinemann family and benefiting the Tennis Association, the meeting was reconvened.

Anne Williams, Will Storey and David Kluchman were elected to four-year terms, expiring at the 2025 Annual meeting.

### **11. Other Business**

- Conrad Wells shared his intent to host a nature weekend; the 3<sup>rd</sup> weekend in July 2022 to include star gazing.
- David Cory, on behalf of 22% of Shareholders, proposed an amendment to the Bylaws for term limits for Officers, Directors, and Committee Chairs. Mr. Cory's proposal is entered into the record as Addendum 2 to the minutes. He requested the Board of Directors consider the proposal at its next regular meeting.
- Anne noted the Mount Riga Inc. centennial will occur in 2022.

### **12. Adjournment**

There being no further business, on motion duly made, seconded, and approved, the meeting was adjourned by President Williams at 2:55 p.m.

Respectfully Submitted,

Jennifer Whittier, Corporate Secretary

ADDENDUM 1

Comments on Advisory Vote on Governance at 2021 MRI AGM by Jim Dresser

As I have communicated to Anne, tis Advisory Vote on Governance cannot provide the guidance the Board's Nomination Committee wants because it asks three questions in one vote.

The wording contains three elements:

1. Continuation of the Founding Family nomination model
2. Seat or seats for Independents
3. Alignment of Board seats by current share ownership

If a S/H favors all three elements or opposes all three, voting "yes" or 'no" is straightforward. But, if a s/H supports only one or two of these elements, how is s/he supposed to vote?

Since I do not agree with or disagree with all three elements in the resolution, I will be abstaining. But, without this Advisory Vote, the Nomination Committee can still make recommendations that will aid Mt. Riga significantly.

We must first recognize that the governance of Mt. Riga Inc. has a serious conflict built in. It was set up 100 years ago as a for-profit corporation bound by CT business law, a central tenet of which is that each Director has a "fiduciary responsibility" to act in the interest of all shareholders.

Anne understands this. In an email she wrote to Directors and Officers last week, she said, "Directors and Officers are charged with representing all shareholders."

Placed against this statutory "fiduciary responsibility" requirement, MRI's board structure is unusual. Because MRI's Directors are essentially elected by and are accountable to one of four specific families, it is hard to contend believably that each Director is able to routinely act in the interest of all the shareholders.

Combined with the numerous instances over the last 25 years when votes were clearly cast along family lines, the rigid family model increases MRI's and individual Director's vulnerability to shareholder suits and to the distrust often felt in the wider Mountain community about the motives behind certain Board actions. So, I ask the Governance Committee to devise a nomination process that enables family members to easily nominate people from other families or Independents.

The Founding Families have nothing to lose except the sub-optimizing straight-jacket of the rigid family model. The four families' members will still control 96% of MRI's shares.

ADDENDUM 2

TO: Board of Directors, Mount Riga, DATE: October 3, 2021

RE: Proposal for consideration by Mount Riga, Incorporated Board of Directors

We have a request of the Board of Directors of Mount Riga, Incorporated and would like to read that request now: On behalf of shareholders representing approximately [22% if only Williams; 35.7% if including Andrea and her family and the Hunters] shares we respectfully request that the Board of Directors, at its next meeting, review a proposed amendment to the Bylaws which would set term limits for Directors, Officers and Committee chairs, and, further, bring a term limits proposal to a vote of the shareholders at the next shareholder's meeting.

For the benefit of this meeting, we sum up our proposal: Term limits for Directors of 3 consecutive four-year terms, or 12 consecutive years total. Term limits for Vice President, Corporate Secretary, Treasurer and the assistant officers of 10 consecutive one-year terms in the same position. Term limits for Committee chairs of 10 consecutive one-year terms in the same position. No change to the President's term limit of 2 consecutive 5-year terms. This approach balances retention of Institutional memory while ensuring that those coming behind us see the possibility of a place for them in the governance structure of Mount Riga, Inc.

Term limits Proposal

We appreciate the governance work undertaken by the Directors of MRI. We applaud the fact that the Board priorities in the past two years have included Succession Planning. In 2019, we concurred with, and voted for, the Board recommendation to change to the Bylaws and set a 2-term limit for the President, as an integral part of effective Succession Planning. The logical next step is to for the Board to propose, and for shareholders to vote on, a change to the Bylaws establish term limits for Directors, Officers and Committee chairs.

The specific sections of the Bylaws to be amended include:

ARTICLE II - BOARD OF DIRECTORS, SECTION 1 - NUMBER AND TERM OF OFFICE: Insert "No director shall serve more than three (3) consecutive four (4) year terms." A director could serve three terms (12 years), sit out a term, and be a candidate for an additional subsequent up- to-three consecutive terms.

ARTICLE II - BOARD OF DIRECTORS, SECTION 6-COMMITTEES OF DIRECTORS: Insert "No committee chair may serve more than ten (10) years." A chair may serve 10 years total as chair of a committee. The person may be elected as chair to a different committee for an additional maximum 10 years.

ARTICLE III - OFFICERS: Insert "No officer, other than the President, shall serve more than ten (10) consecutive one (1) year terms." A Vice President, Treasurer, Corporate Secretary or Assistants in those officer positions may serve 10 years, sit out a year, and be nominated for and elected to the same officer position; or may serve 10 years in one officer position and immediately be nominated for and elected to another officer position for a maximum of 10 years. (No change is proposed to the President's limit of 2 five-year term)