

Sheepscot Island Company
Post Office Box 692
Bath, Maine 04530

Informational Meeting
10:00 am. EDT
Saturday, July 4, 2009
The Playhouse, MacMahan Island, Maine

Agenda Item: Report on Conservation Easement

Dear Cottagers and Shareholders:

Nearly a year has passed since the Legal and By-Laws Committee started its work to develop recommendations for conservation of undeveloped land owned by SICO. Along the way, we worked hard to keep you informed about the drafting of a conservation easement and selection of a conservation organization. The Committee reported its progress at the Annual Meeting (August 2, 2008), a town hall meeting (August 29, 2008) and two status reports (January 28 and May 18, 2009; available on website). The committee will make a presentation on its progress and answer questions at the informational meeting. We are pleased to provide this report in advance.

Current Status

A draft conservation easement was prepared by the Committee, reviewed by outside counsel (Curtis Thaxter Stevens Broder and Micolesau) and recently transmitted for review to the two candidate conservancy organizations, the Kennebec Estuary Land Trust (KELT at www.lkrlt.org) and the Maine Coast Heritage Trust (MCHT at www.mcht.org). A brief summary of the easement follows.

- Section 1 describes the purpose and conservation restrictions that would apply to the “protected property,” i.e. undeveloped land in the northern part of MacMahan Island and all of Turnip Island. The northern parcel is outlined in green on the map included in this mailing.
- Section 2 defines rights that SICO reserves and retains as the owner of the protected property. These include rights to maintain existing roads, paths and water systems, rights to access and service cottagers’ and shareholders’ properties for future residences that may be constructed on existing lots, rights to continue outdoor recreation and forest management, and rights to maintain a fire lane.
- Section 3 explicitly excludes public access to the protected property.

- Section 4 explains the affirmative rights that would be held by the easement holder (KELT or MCHT).
- Section 5 describes procedures by which SICO and the easement holder cooperate when any activity may have a “material adverse effect” on conservation of the protected land. A Review Committee—comprised of two persons designated by the SICO Board of Directors, two persons designated by the easement holder and one person selected by the other four—would review compliance with the conservation values set forth in the easement and also resolve any disagreements between SICO and the holder.
- Section 6 identifies SICO’s continuing responsibilities to pay taxes, costs and liabilities related to ownership and maintenance of conserved lands.
- Section 7 includes several miscellaneous provisions, notably preparation of a “baseline” inventory of features and conditions of the protected property and conditions for amendment and termination of the easement.

The draft easement is attached in its entirety for your review. It should be noted that this is a draft to initiate discussions with KELT and MCHT and is therefore the beginning of a process, not the end. There are many important issues to be addressed and some modifications may result from the discussions. We will keep you informed about any proposed significant changes.

The Committee has prepared some “questions and answers” (attached) on why the SICO Board is carefully considering the grant of an easement. The informational meeting will provide an excellent opportunity for the Committee to answer whatever other questions you may have and update you on discussions with the conservancy organizations.

The Committee looks forward to seeing you on July 4.

Sally Jones
Ed Mendler
Jay Rogers
Skip Stinson
Nick Stone
John Welch