

Baxter State Park Authority Meeting Minute

Kidney Pond Campground, Baxter State Park

May 20, 2016

10:00 a.m. to Noon

Attendees:

BSPA: Janet Mills – AG, Chandler Woodcock – Commissioner IF&W,
Chair, Douglas Denico – Director, MFS, Department of Agriculture, Conservation and
Forestry

Assistant AG - Lauren Parker

BSP Advisory – Rick Bray - Chair, Laurie Nale, David Wilson.

BNYMellon Endowment Manager – Mike Daley

BSP Staff: Jensen Bissell, Stewart Guay, Eben Sypitkowski, Acadia Tripp, Diane Freelove,
Dana Miller, Dean Levasseur, Yves Baribeau, Justine Rumaker, Elise Panzner, Kashmere
Sam, David Loome, Georgia Manzo

Guests: Aaron MegQuier – Executive Director, Friends of BSP, Mark Nale, Beth Bray,
Charlotte Woodcock

The meeting was called to order by Chair Denico. Commissioner Woodcock presented framed photos of Nesowadnahunk Stream and Doubletop, taken from a late 1800s expedition and developed from glass slides to Mills, Denico and Parker. Following introductions, Denico mentioned that this is the first time all Authority members were at Kidney Pond overnight, and they felt very welcomed.

Mills moved to accept the October 2, 2015 meeting minutes, seconded by Woodcock, no further discussion, all in favor.

Denico recounted sections of minutes of an AT meeting with Ron Tipton, Executive Director of the ATC and Wendy Janssen, NPS Superintendent of the AT. Denico mentioned his respect for Woodcock's spirituality and eloquence regarding the importance of honoring Percival Baxter's mission regarding the impacts of the AT in Baxter State Park.

Daley, investment officer for BNYMellon (fund managers for the BSP Endowment), presented an overview of the investments, mentioning that the United States continues to be the engine of stability. China is growing faster than the U.S., but decelerating considerably over the past few years.

Other points highlighted include the concern over the drop in oil prices that is now recovering; bonds outperformed stocks; the portfolio is built to last; and it's important to retain purchasing power. Daley also mentioned that nothing has changed in the investment policy. Asset allocations are near target, heavily weighted toward equities (U.S. slightly more than International), and bonds are currently at 22% versus the target of 25%. Equities' long term target is 70% and is currently 73%. Special Opportunities (non-publically traded securities) long term target is 5% and currently stands at 3.3%. Investment strategies were discussed.

The Investment Committee decided to move half the allocations of the BNY Mellon midcap fund multi-strategy fund to an I-Share (lower cost vehicle) due in part to the ongoing underperformance of the mid-cap fund. The Stewardship Index was explained, regarding how the managers are making assets last over the long term. Daley credited Bissell with recommending that we increase the period covered by the Stewardship Index from the past 10 years to the past 15 years. With this extended time period we can see year to year volatility including the two significant recessions.

The portfolio is two tenths of a percent under goal of neutrality in the 15-year period. Mills asked about the fee schedule. The Baxter Trust fees represent five (5) percent of the income in the trust and a tiered schedule in the IMA account, and the total annual fee is \$130-140,000 annually (50% to income and 50% to principal), based on the combined fee schedule. The fee represents only approximately 0.2% of the consolidated portfolio assets.

Daley explained investment performance, including the consolidated (net) performance (Baxter Trust and Investment Fund) that in one year is down 2.6% because bonds have outperformed equities, resulting in a negative return. The defined benchmarks (4) were explained. Historically, the portfolio used Benchmark 2 (blended – 50% US/50% non-US) equity index, but BSPs portfolio is 70% US, so benchmark 1 may be a more appropriate benchmark (65 US% / 35% Non US within equity part of blended benchmark). The Investment committee will continue to review the use of benchmarks to evaluate fund performance.

Discussion and questions surrounded the transparency of China's economy (growth rate stated as under 7%, so it's probably around 5%); risk is inherent in emerging markets; and published information may not be accurate. We have significantly reduced investments in emerging markets over the past 18-24 months. Lumber and paper businesses can't compete with others because of the value of the dollar. The Federal Reserve is expected to raise rates and that should lead to a strong dollar, but right now it has declined. Fund managers try not to take a short term stand on currencies.

Denico related an anecdote about “getting pulled into going to the gas station that sells gas for two cents less than the next one”, remedying the related issue of heating oil price changes by predicting what he would need “until he dies” and purchasing commodities to cover that amount. Bissell stated that the fund managers displayed stewardship with the portfolio, and having an endowment allows us to perform independently. Mills added that the Authority should thank the Investment Committee for all they do.

Bissell provided an overview of the FY2017 budget. Revenues have remained consistent. There is a mechanism used to assess fees and that will be utilized this year. (It has been 6-8 years since fees have changed.) The reservation office is busier this season than can be recalled. The new online reservation system will be analyzed in this first year and adjusted as needed. Significant donations including the BSP Wilderness Fund have made a difference, allowing for larger projects and trail expansions. The wood products market continues to be a concern. In expenditures, reclassifications and revisions in personnel positions has resulted in pay changes. The MCC model of trail work is successful.

Information Technology is changing on a large scale, including the website management. Hopefully by this summer BSP will own and manage its website and will link with social media, moving farther from OIT.

Solar panels are being installed and eventually there will be the ability to connect the Togue Pond Gate and the reservation system digitally.

In the Personal Services, it was noted that FY2016 was mislabeled as Annual instead of Actual. Discussion followed regarding IT costs. The importance of IT professionalism was stated. Bissell reported that the IT contractors rewrote the entire code in BSP’s IT system, providing a durable code that will last for decades.

The Gratuities budget was questioned. Bissell will talk with Christine Theriault to determine the purpose of the \$21K budget in FY2015.

Projects include the Roaring Brook (on the Park Tote Road near the Marston trailhead) culvert replacement scheduled for this summer, pre-commercial thinning in the SFMA and the funding of 3 MCC Trail Crews for 20 weeks each. Last year Friends of Baxter funded a significant portion of the MCC work, but this year BSP is funding it. MCC personnel are trained and do not require a lot of oversight; the budget has not changed remarkably. Woodcock noted that the expenditures are on the underside of revenues - a decent business model.

Mills motioned to accept the budget as proposed, seconded by Woodcock, all in favor. No further discussion.

Bissell provided a brief overview of 2016 donations. Advisory Chair Bray presented Bissell with a \$100.00 donation to BSP that was made in honor of Bray on his 65th birthday by his niece, Julianna Clark Gray.

Regarding committee appointments, Bissell explained that there are four action committees - all appointed at the pleasure of the Authority saying, "they don't make the policy but they make it better." The Advisory Committee members serve two-year stints, and can "re-up" for a total of three terms totalling six years of service. After six years of service, BSP Advisors are required to term off for at least a year. This year, Rick Bray termed off as Chair. Bissell commented that Bray's service goes back decades, he knows the Park extremely well. Bissell described Bray's extensive carpentry skill and speculated that there are probably few buildings for which he hasn't performed repairs. Bissell also said that was a pleasure and an honor knowing Bray and calling him a friend. He provided Bray with a replica of the Katahdin benchmark on behalf of the Park. Bray said he had been a volunteer for 40 years and had visited the park for 57 years and that the Park is a tremendous place, the Advisory committee is a great group and a great structure to provide feedback to the Park. He thanked the Authority and Park Director Bissell.

Bray's departure was discussed at the last Advisory committee meeting, at which time Laurie Nale was recommended as Chair. Bissell requested that the Authority accept the nomination, so moved by Mills and seconded by Woodcock. All were in favor with no further discussion. Baxter heir Eric Baxter agreed to step down from the Advisory while staying available if needed, leaving two posts to be filled. Steve West and Mike Perry were recommended, both with extensive hiking and backcountry knowledge, and Perry has served on the committee in the past. Woodcock moved that Steve West and Mike Perry be elected to serve on the Advisory Committee, seconded by Mills. No further discussion, all in favor.

Sypitkowski explained that the SFMA committee member Jeremy Wilson has moved to New Hampshire and has been unable to actively participate, recommending Sean Fraver, Assistant Professor of Science at the University of Maine (same department as Wilson) to fill this seat, so moved by Mills and seconded by Woodcock. No further discussion, all in favor.

Sypitkowski provided background for the SFMA Advisory's recommendations for changes in the Wood Export Policy. Suggested changes were: remove the word "butt" from the example: "a smaller top size or greater butt rot allowance allows more spruce to be sold as sawlogs.....", and remove the sentence, "On a rolling five-year average, the Park will not exercise this option for more than 30% of the annual allowable cut." (See current policy 28 April 2010 for related text.) Advisory discussion had included that it was important to maintain the intent, but to provide flexibility. Selling to Canada helps to employ Mainers, and it is difficult to distinguish what is actually a Maine company. Mills commented that the first priority is still the intrastate markets. Denico asked "at what point don't you (BSP) cut (i.e. when margins are to a low point)? Has the SFMA Advisory had those discussions?" Sypitkowski and Bissell confirmed that they have. There was further discussion about trying to be stable and provide predictability, and Denico expressed that conditions in the Maine products market may continue to deteriorate before they improve. Mills made a motion to amend the Wood Export Policy as indicated. Woodcock seconded the motion, all in favor, no further discussion.

BSP has initiated a review of the Media Policy. This activity is wide and varied and BSP needs to change the way it is approached, including defining the types of media, looking at a different pricing structure (current costs are inconsequential to them), length of stay, compliance, scope and range of activity.

The Administration and Operations update included information about a significant number of newly hired staff and how this has generated other openings in the Park, of which there is still a little movement. Bissell noted that the administrative staff is very pleased with the results.

Dana Miller, 31 year employee with BSP, will retire this summer. Bissell complimented Miller for his dedication and service, saying, "When you work at a place like the Park for a long time, the place shapes you, but you shape the place too." Miller thanked the Authority and Bissell, stating that it had been a great pleasure working for BSP. Woodcock commented that 31 years is an extraordinary period of time - more than a quarter of a century – and expressed his appreciation.

Guay and Bissell mentioned that the MCC is coming on after Labor Day, and there will be two new Trail Specialists to work with them; solar power panels are being installed and will eventually connect in places to the online reservation system; culvert projects including Roaring Brook (where the Park Tote Road will close for up to 10 days – open weekdays only) are ongoing or planned; and camps at Kidney (facilities for rangers) are planned for construction; the footbridge at Katahdin Stream Campground is being replaced; and BSP

personnel have designed and are rebuilding/replacing the primary entrance gates at Togue Pond and Matagamon. Trail plans are to establishing a good foundation, address blowdown patrol Park-wide and establish the Trail Specialist model to plan and administer MCC crews and trail improvement and monitoring work. The reservation office at Headquarters was restructured to resolve noise issues and provide more space for personnel.

Progress is being made in the AT Hiker registration card initiative, with BSP, Friends of Baxter, ATC and ME ATC collaborating more effectively. BSP is about to launch the card program, with the first two years providing the opportunity to work out the bugs. It is easy to communicate with the AT community these days, and it is hoped that the card will be a desired artifact of their adventure. BSP is not currently limiting numbers of cards available/issued to AT hikers.

Comments from guests were invited. Retiring Matagamon Gate Attendant Dana Miller, expressing concerns for coworkers, provided the Authority, Parker and Bissell with a copy of text he prepared requesting that BSP Authority consider reinstating (authorizing) merit step pay increases through self-funding mechanism. Campground Ranger Dean Levasseur echoed Miller's concerns, stating that rangers are not eligible for unemployment during the off season, and finding employment in the winter months is very difficult, and that BSP "has the ability as a private entity that doesn't rely on state funding to provide this". Bissell expressed that it is a contractual issue with the State of Maine and until the contract is settled, it is doubtful that there can be movement on the merit pay increase issue. Mills asked if negotiations were ongoing. Miller answered that there is a vote on May 29, and that the Maintenance and Support Services group may turn it down. Woodcock stated that a lot of mechanisms are involved in the discussions, and that they have reached an impasse. Mills expressed empathy, citing the cost of living changes coming, but that legally, there are impediments and they could not make a motion regarding it today. Denico asked if it would help if Bissell wrote a report as to "how we got here – what's the landscape?" Levasseur stated that this is a unique situation because in the past, the contract was retroactive one hundred percent. This year, Governor Lepage abolished that. Bissell noted that regardless of funding source, BSP is still impeded by the collective bargaining process. Ten years ago, stepping away from the state was considered; but right away, losing medical and retirement benefits became the concern and it was decided to stay. Mills made a motion to accept the letter for the file and for Bissell to reference as he drafts his report. Woodcock seconded the motion. All in favor, no further discussion.

Aaron Megquire mentioned that BSP has the full and undivided attention of the AT community, as large and fragmented as it might be, with regard to the hiker registration

cards/system, and that while the various trail organizations' leaders appreciate the points provided, they don't understand the issue. Friends can help with conveyance of the message. The message on the three stickers suggesting deferring alcohol use, hiking in small groups and celebrating quietly, is important and may help change the culture of the AT hiker community in a positive way. Megquire stated that many people are receptive, and posters are being distributed to hiker hostels and other places with the hope that hikers will have seen these messages prior to reaching Baxter Peak. As difficult as this is, a limited use model is important – use is increasing by 8% per year. The AT is unwilling to hand out registration cards in Monson, but the meeting discussions landed on having a kiosk there for a voucher distribution. There's a tacit understanding that this is going to be the mechanism to limit numbers.

Discussion turned to the International Appalachian Trail (IAT). The IAT doesn't come into the Park and currently ends (southern terminus) on EPI land east of Katahdin Lake. Perhaps Mattagamon gate should be the access point if activities to the east change. Don Hudson is the point of contact for the IAT. We need a year to define how this will work. Denico stated that BSP has the Authority's support. Mills motioned that the Authority write a letter to the ATC, expressing the Authority's continued hope that they support the Park's efforts to protect Park resources and hiker experience. Woodcock seconded, all in favor.

Laurie Nale stated that Friends of Baxter support the proposed national monument. Mills replied that the Park Authority is not taking a position stating a difference of historical philosophy between Percival Baxter and the NPS, namely around the Forever Wild paradigm. Megquier mentioned that the Friends of Baxter Facebook page has a position statement regarding this issue, and in it mentions that they speak for themselves, not for the Park. Various comments both positive and negative regarding the proposal were stated and in answer to a question about how Park borders would be monitored, Bissell responded that if it were to occur, the Park has always forged good relationships with its many neighbors; the Park's rangers and gates will help to enforce the boundaries, and there will be many discussions.

There were no further comments from guests. Woodcock motioned to adjourn the meeting at 12:23 p.m., seconded by Mills. All in favor.

Respectfully submitted,

Georgia Manzo
Park Secretary

