



Baxter State Park Authority Meeting Minutes
Burton Cross Building, Augusta, Maine
10 am, July 21, 2023

Approved by Authority Vote (Date): _____ Chair Signature: _____

Attendees:

Baxter State Park Authority: Chair and MFS Director Patty Cormier, ME IF&W Commissioner Judy Camuso, Attorney General Aaron Frey

Assistant Attorney General: Lauren Parker

BSP Staff: Director Kevin Adam, Director of Administrative Services Lori Morrison, Office Specialist Georgia Manzo

BNY Mellon: BSP Endowment Manager Michael Daley

BSP Advisory: Carl Carlson, Bob Baribeau, Mike Perry

Friends of Baxter: Executive Director Aaron Megquier

Other guests: Charlie Shorey (Intern at the office of the Attorney General), Forrest Dye

Chair Cormier called the meeting to order at 10:05 a.m. with a welcome and introduction.

Consideration of the June 2, 2023 minutes: AG Frey moved to approve the minutes, and Commissioner Camuso seconded the motion. No discussion. Motion carried, 3-0.

Rule 2.2: Consideration of adoption of amendment: Director Adam outlined the addition to Rule 2.2 that BSP staff is asking for the Authority to adopt, whereby the prohibition (no children under the age of six above timberline) is maintained and the following is added: *Children under the age of six (6) years walking under their own power may be authorized to travel above timberline by special use permit, subject to conditions set by the Director.* In the two cases where children under six were permitted above treeline, there were no incidents. AG Frey added that some sort of satellite marker or check-in would be helpful for permitted exemptions. **Commissioner Camuso moved to approve the amendment to Rule 2.2 as presented, seconded by AG Frey. No discussion. Motion carried, 3-0.**

BSP Endowment Fund Update: BSP Endowment Fund Update: Mike Daley described a strong start for the year for markets - a reversal of a very challenging 2022. The Fed had raised interest rates and inflation had reached 9% on an annual basis. This year most asset classes are positive YTD, with the S&P 500 up 16% through June. Inflation has come down from 9% to 3%. There is still concern around core inflation (excludes food and energy). The Fed is expected to raise interest rates 1-2 more times and wait to assess the impact as each hike generally takes 6-9 months to set into the economy. BNY Mellon gives a 40% probability of a soft recession either later this year or in 2024. The bank scares in March-April caused some damage. There's concern around small and mid-sized banks about tighter regulations that will restrict their ability to earn profits, and there's anticipated pullback in lending.

Daley provided a high-level summary of recommended asset allocation. From a positioning standpoint, BNY Mellon's recommendation is a neutral weight toward equities and bonds and continues to recommend an overweight toward special opportunities (private equity).

BSP's portfolio has exposure to all three asset classes. The Endowment (⅓ of the total assets) and the Baxter Trust (⅓ of total assets) - totaled \$106.8M at the end of June and \$108.5M as of July 20. The

Investment Committee has taken a very disciplined approach to consistently increase the allocation to special opportunities. The Committee envisions a 15% policy allocation toward special opportunities to be perpetually appropriate for this portfolio. With special opportunities, some liquidity is relinquished and that enhances the potential total long-term return. The typical private equity fund is 10-12 years in length. Private credit funds are shorter- 4-6 years. YTD performance consolidated as of the end of May was 4% (which does not yet include the impact of lagged private equity valuations which tend to take 1-2 quarters to catch up).

Investment Policy Statement (IPS) Discussion - In our current policy allocation ranges, the Equities Class range is 60-80% and our current allocation is at the low end of that range because these funds have been used to increase allocation to special opportunities (private investments). In terms of special opportunities, the current maximum allowable allocation is 15% and we're slowly moving toward the upper end of that range, and over the next couple of years, will continue to build up an allocation to private credit and introduce infrastructure strategies into the portfolio. It is important to ensure we have bandwidth within the IPS to allow those strategies. Daley, representing the BSP Investment Committee will come before the Authority at the next meeting with an official proposal to adjust equities and special opportunities policy ranges, shifting the minimum and maximum down by 10% for public equities and increasing the policy's maximum allocation to special opportunities up 10% to 25%. Additional IPS language being considered is around establishing a "risk asset" cap at 80% of the portfolio.

Park Updates: Director Adam mentioned that Erica Dubois is the new Chairperson of the **BSP Advisory Committee**, having moved up from the Vice Chair position. We want to thank Tom Goetz for his tenure as Chairperson and for his dedication and hard work on behalf of Baxter Park. A meeting of the Advisory Committee is planned for September to potentially develop a subcommittee to review our Commercial Use Permit process.

The Park has rolled out a new **Park conditions phoneline** (723-9500) that provides information such as trail and road conditions, water levels/crossings issues, fire danger, etc. The line is performing as intended, providing answers to commonly asked questions, thus relieving some congestion on the reservation phone lines, and alleviating hold times for callers.

There's been a persistent **bear issue** at Trout Brook Farm (one 60-80 lb bear), as well as a larger bear wandering around in the South Branch Pond Campground near the water. Ranger Porter deployed blanks at the bear at South Branch Pond with no success, then fired a beanbag shotgun round and struck it in the hindquarter and it left the campground - seen later but outside the camp curtilage.

From the end of May to the beginning of July, Rangers have responded to three lower leg **injuries**. Maine Forest Service was involved in one rescue. There were also three broken wrist injuries in that same time period.

Park Visitation Statistics: Director of Administrative Services Lori Morrison and Management Analyst Tim Deetz have been identifying the various systems in place at BSP as well as developing a stabilization plan for them. Tim is also responsible for developing dashboards of our statistics including AT Hiker visitation. Two hundred and thirty-six total AT hikers have been in the Park thus far this year- well below last year (323) for this time period. Total Camper reservations were down by 7% in 2023 as compared to 2022 for the months of May and June. Cancellations were also down by 45%. Maine residents in the Park in 2023 represented 58% as opposed to 52% in 2022. Day Use Parking reservations were down 4% from last year.

Using cameras, we were able to determine **snowmobile traffic** for the first time since 2008 revealing a substantial uptick in traffic from 1,303 sleds to 2,191.

Financials: The Park maintained a solid financial position through FY22-23 with revenue at \$5,089,183 (a 7.7% positive variance over FY2021-22, while we were still emerging from Covid). Personnel expenses were \$3,342,805 (a 14% positive variance due to some positions being vacant, including the Director position), All Other expenses were \$1,038,037 (23% positive variance), and Capital Expenses were \$371,441 (25% positive variance). Net Revenue was \$336,900.00. The net revenue balance forward will be used to help fund the Daicey Pond Project.

All positions are presently filled. Currently, we have an Acting Chief Ranger and Acting District Ranger and we will be working on a plan for these positions in the near future.

Natural Resources: In collaboration with ME IF&W, Nava Tabak and Park staff have installed and are monitoring acoustic **bat detectors** at six sites in the Park (on a two-week rotation), and plan to complete two more. Staff have also been performing seasonal detection and control (including hand-pulling) of the invasive plants knapweed and bristly locust.

On Katahdin's Tableland, staff has been collecting **phenology data** from five permanent plots as part of the Northeast Alpine Flower Watch phenology study. A Katahdin arctic butterfly survey was completed on July 6, and staff has been documenting permanent alpine plant survey transects and other ecologically sensitive areas in advance of the commencing of trail work on the Saddle Trail.

Over a dozen **special use permits** have been issued for research and ongoing natural resource monitoring projects in the Park. Areas of study include alpine breeding birds, nightjars, bats, fish, water quality, rare plants, and forest health.

In June, BSP hosted a Maine Forest Service **BMP Level 1 training session**. Ten Park staff and five staff from A&A Brochu (a Park contractor) as well as MFS staff attended the daylong training, which focused on protecting water quality in forest road and bridge construction.

BSP staff has been interacting with visitors about Katahdin's alpine environment, providing trail information and assistance to hikers, repairing string fencing, and various other tasks as part of their **mountain patrol** assignments.

Maintenance: Staff worked with Kennebec Valley Community College to replace **two group-site shelters at Trout Brook Farm**, led by Instructor Andrew Soule. Students spent class time over the winter cutting the two timber frame structures. In June, BSP's maintenance staff prepped the site and moved the disassembled frames from Fairfield to Trout Brook Farm. The students then spent three days volunteering in the Park, raising the frames with assistance from our maintenance staff.

The **Togue Ranger Camp renovation** is complete and the cabin is now usable by Park staff for laundry and other personal needs. It is also ready when needed as a base for SAR operations.

Even with the rainy conditions, the Park Tote Road is holding up well and ditches and culverts are functioning as needed, which can be credited to work done over the last few years, particularly in the areas of Abol, Marston, and South Branch Pond.

The **Daicey Pond project** planning continues, and Maintenance & Transportation Supervisor Keith Wehmeyer has provided SFMA staff with specs and the number of logs to be harvested. These logs will be debarked (potentially by two different resources outside of the Park) before being staged for use. In addition, he is in the early stages of labor recruitment and other material sourcing.

SFMA: In preparation for harvest operations, decking was replaced on a bridge on the Useless Road (the cost was shared with Katahdin Forest Management, the road's owner), and 10 culverts were replaced.

There are areas of operation that are unusually wet for this late in the season. Eight miles of boundary line maintenance and 200 acres of pre-commercial thinning will be underway soon.

Law Enforcement and Search and Rescue: Maine Forest Service personnel provided BSP staff with Maine Basic Wildfire Fighter training. The Maine Warden Service conducted float plane flights in the Park, familiarizing themselves with areas where rescues have been done in the past. Maine Army National Guard 3-172 Mountain Company will be doing some technical rock training in the Park this fall and our Chimney Pond Rangers will go on the mountain with them. They will provide search and rescue coverage while there.

Comments: Aaron Megquier thanked Kevin for the detailed Operations report - it is extremely helpful, and Carl Carlson added that having the materials on the website was equally beneficial. Mike Perry asked if going forward we could have details on the butterfly and loon counts, fish stocking in the Park, and other similar and interesting wildlife information. Director Cormier also asked for more specifics about the special use permits issued (research).

Adjourn: Commissioner Camuso motioned to adjourn at 11:15 a.m., seconded by AG Frey. Motion carried 3-0.

Respectfully submitted,

Georgia Manzo
Office Specialist