



**Baxter State Park Authority Meeting Minutes**  
**Burton Cross Building, Augusta, Maine**  
**10 am, Friday, December 8, 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, Natural Resources Director Nava Tabak, Director of Administrative Services Lori Morrison, Office Specialist Georgia Manzo

**BNY Mellon:** BSP Endowment Managers Michael Daley and Brian Noyes (Chair of BSP Investment Committee)

**Baxter Park Wilderness Fund Trustees:** William (Chip) Weickert

**BSP Advisory:** Carl Carlson, Carla Ritchie (also representing Friends of Baxter)

**Friends of Baxter State Park:** Executive Director Aaron Megquier, Henry Beeuwkes, Chris Beeuwkes, Ellen Baum

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

**Consideration of the October 24, 2023 BSPA meeting minutes: Aaron Frey moved to approve the minutes as presented, and Commissioner Camuso seconded the motion. No discussion. Motion carried, 3-0.**

**BSP Endowment Fund Update (Michael Daley):** To recap - 2022 was a difficult year. The Federal Reserve had aggressively started increasing interest rates, and inflation reached a high of just over 9%. Equities and bonds both had a difficult year. Investment professionals looking into 2023 were relatively cautious. It's been a very concentrated market, with a small subset of stocks doing very well, (i.e. Google, Facebook, Apple). Recently the market has started to broaden out and November was strong. The S&P 500 Large-cap stocks are up ~20% so far this year. To put that in perspective, we expect it to be around 6-7% on an annual basis. Small-cap stocks have struggled and are up modestly this year - around 5%. Emerging markets have struggled given the challenges around China. Inflation has lowered considerably to 3.2% (October month-end) and is expected to trend down further. The Fed has a target of 2% which will be difficult to achieve with some lingering components of inflation difficult to move down quickly - primarily housing costs (rents) and wages (elevated because the job market is very strong). Our year-end 2024 CPI target is 2.5 - 3.5%. We expect modest but positive returns next year for both equities and bonds..

Regarding asset class positioning, in the U. S. Small-Cap category we did reduce our allocation from a slight overweight to neutral - consistent with thinking that rates will stay higher for longer - we reallocated those dollars to U. S. Large-Cap Equities. As we look back over the

last 15 years, we've been consistently reducing our exposure to Public Equities and increasing our exposure to Special Opportunities - the catalyst for the amendments to the language in the Investment Policy Statement. The market value of the portfolio at the end of November 2023 was just over \$106M. The month of December so far has been modestly positive - current value today is just over \$107M.

Regarding performance, we don't have final data for the end of November but it looks like the portfolio was up about 6.5% in November, which takes the YTD performance from 3% to 9.5% so we look to end the year on a strong note. In November alone the S&P was up 9%, bonds up 5%, and even international stocks did well. Weak economic data led investors to believe the Federal Reserve was done raising interest rates which increased the probability they would start cutting rates next year, and inflation data came down significantly.

**Investment Policy Statement Proposed Edits for Decision:** This document provides the guardrails and drives how the portfolio is being managed.

A summary of the existing allocation ranges across the asset classes with minimum and maximum thresholds and the IPS ranges under consideration was presented. For public equities, BNY Mellon (with the support of the Investment Committee), would like to bring the ranges in line with how the portfolio is currently being managed by shifting the allocation range for public equities down 10% to 50-70% and establishing a midpoint (long-term policy) of 60% public equity. The portfolio right now is 62% public equity.

For special opportunities (private equity/private credit), the recommendation is to shift the policy allocation to 15% with the maximum increased to 25% (we are currently bumping up against the existing maximum of 15%), and add additional private strategies as they become available - specifically private credit and infrastructure. Within Special Opportunities, language was included to break it down between three general investment categories (Private Equity, Private Credit, and Infrastructure - all housed within a limited partnership vehicle). From a structural standpoint, all these categories would be considered illiquid in that once you buy into these strategies you commit capital and are locked in for 6-10 years depending on the strategy. This strategy isn't executed unless it is thought there would be an additional return above and beyond what would be available in public markets. Brian Noyes suggested an informative slide deck breaking down Private Equity, Private Credit, and Infrastructure funds. AG Frey asked that it include some information about the companies in the funds with the ESG component in mind. Daley added that we're not selecting strategies solely based on ESG considerations but more and more underlying active managers both in the Baxter portfolio and across the industry are incorporating ESG considerations into their stock-selection process. If we want to be more explicit in ESG goals and screening out certain types of securities - there are strategies to do just that - generally at a slightly higher cost.

Also, the language around the maximum amount of risk in the portfolio is suggested - capping risk assets at 80% of total assets (risk assets are any assets other than cash and investment grade U.S. bonds). We've talked about a risk cap for several years and monitored it but never documented it in the policy.

**AG Frey motioned to adjust Equities and Special Opportunities ranges as outlined in red on Page 7 of the Baxter State Park Investment Policy Statement. Note #1: Special Opportunities maximum allocation guideline of 15% PE / 7% Private Credit / 3% Infrastructure. Illiquidity in the portfolio not to exceed 25% of total consolidated assets. Note #2: Risk assets in the portfolio are not to exceed 80% of total consolidated assets. Risk assets are any assets other than cash or investment-grade U.S. bonds. The motion was seconded by Commissioner Camuso. All in favor. Motion carried 3-0 with no further discussion.**

**BSP Advisory Vice-Chair Recommendation (Director Adam):** Carla Ritchie has agreed to step up to the position of Vice-Chair of the BSP Advisory Committee. Carla previously served six years, ending as Chair, and rejoined the Advisory in 2022 and has been on numerous sub-committees. She has a great deal of institutional knowledge of the Park and is also a member of the Board of Directors of Friends of Baxter State Park. **Commissioner Camuso moved to approve the recommendation, seconded by AG Frey. All were in favor, motion carried 3-0.** The Authority thanked Carla for again stepping up.

**SFMA Management Plan Update: (Nava Tabak):** With the help of our SFMA Advisory Committee, Baxter Park is working on two SFMA management plans - one more strategic, and one a 10-year tactical plan. The SFMA's four previous management plans started in 1980, so they have been in a 10-15-year cycle of updates. Each of those plans is very differently structured and grew longer over time, to the point they are not as useful operationally, and do not keep up as an all-encompassing reference document for the management of the SFMA. Also, the overarching, long-term goals of the SFMA do not change, so we see no reason to rewrite the entire plan every 10-15 years; we'd like to create something longer-standing. The drafting of the 10-year plan is on a faster timeline, there's an outline and draft, and we're waiting for analysis of our 10-year cycle continuous forest inventory data which will inform specifics such as how much wood can be harvested while staying within sustainable limits. Lands Manager Shane Miller is leading this effort and Nava and the sub-committee are reviewing it. The data are being analyzed by Bob Seymour, one of our longest-termed advisors, who also analyzed our last set of continuous forest inventory data. We are hoping to have that plan completed in the spring of 2024. This plan's outline is still in flux because we are trying to ensure it aligns well with the goals of the longer-term strategic plan, which are still in the earlier stages of the draft. The Authority will have an opportunity to see the draft plans before they become final.

For the SFMA, the overarching goals are straightforward - growing continuous wood, using scientific and the most modern methods, demonstrating the practices, and being integrated with the Park to provide public access and recreation. Those things do not change. Sub-sections of the larger plan will include an explanation of our focus on the ecology. Indices will be included to allow for appended information such as the 10-year plans, data updates, policy changes, etc. Once we have the drafts we will reach out to previous BSP Resource Managers for input. The timeline for this plan is to have it completed in the fall of 2024 or the spring of 2025. This plan will take longer to write as there is quite a bit of new content; for instance, we should have a section on climate change and

climate change mitigation, how we determine our annual allowable cut, and how we deal with invasive species, native interfering vegetation, and insects.

### **Park Operations Update:**

**Human Resources (Kevin Adam):** The Park has three full-time positions open - the Daicey Pond Maintenance Project Manager, Park Services Manager, and Human Resources Administrator, along with two seasonal trail crew positions.

**Information and Education (Nava Tabak):** Winter signs have been updated and are being distributed throughout the Park. I&E staff assisted Reservations staff and Rangers with Winter Reservations Opening Day. The lottery was highly attended with 75 winter visitors in attendance, and there was a lot of educating and disseminating information on that day.

Cassandra Knudsen has been researching the history of the Daicey Pond Cabins and aspects of the project to prepare for the publication of a webpage on the BSP Website.

**In the SFMA,** the crews will move from the south end to the north end next week. Horizon Forestry (who did our pre-commercial thinning) completed eight miles of boundary line maintenance and we were able to cost-share that with a neighboring landowner. A draft herbicide use policy is being reviewed by the SFMA Advisory. Friends of Baxter State Park toured the SFMA as a follow-up to the webinar they organized about forestry in Maine in general and the SFMA in particular, and the SFMA Advisory had a productive field meeting. BSP staff toured the Pleasant River Lumber mills (which acquire a large part of our spruce and fir and are owned by A&A Brochu, which is also our logging contractor). These are high-tech mills and it was interesting to see the operation. This was a relationship-building tour and it is hoped that representatives of A&A Brochu's leadership will tour the SFMA.

**Trails Update (Kevin Adam):** We'll be experimenting with a new implementation plan for our annual blowdown patrol. A smaller BSP crew will prioritize and clear trails such as early-season fishing access trails, Katahdin trails, and other popular trails, and will be supported by a three-person MCC crew arriving in June who will complete the remaining trails.

The OJI reroute is being finalized and readied to be opened. It was initially utilizing a small MCC crew in the Fall of 2022 to begin construction and then was finished by the BSP trail crew this year. All that remains is to cut the final 100' on either end of the reroute, blaze the new trail, and close the old trail. This reroute will require minimal maintenance. The reroute is 1600' long and replaces 1,600' of shin-deep, mud-covered trail. The Hunt Trail relocation construction, originally designed by Lester Kenway in 2014, is continuing and this is the first year the work will be done solely by BSP Trail Crew members. Construction will resume next year on the elevated turnpike structure between the upper and lower Saddle Brook Bridges on the Chimney Pond Trail. Other planned trailwork and/or bridge replacements were outlined.

**Law Enforcement (Kevin Adam):** A recent resupply flight with the National Guard Blackhawk helicopters to several locations went well. Materials included gravel, bridge materials, propane tanks, lumber, solar batteries, and the removal of surplus logs from lean-to construction. More supplies will be distributed in the Park by snowmobile this winter.

**Maintenance (Kevin Adam):** We've been experiencing long-term drainage issues at the Roaring Brook parking lot. A retaining wall was installed and gravel was added to raise the corner of

the lot by up to 2'. Other projects include culvert replacements and the replacement of the deck on the Kidney Pond Bridge,

Frank George has been performing maintenance work on the capital equipment such as the snowmobile fleet. This work is crucial to both the safety of our staff and the longevity of the equipment. The seasonal vehicle fleet, heavy equipment, small engines, and motors are being serviced. Building maintenance, servicing of generators, and staging of winter materials for spring projects are included in the list of maintenance projects.

**Commissioner Camuso moved pursuant to Title 1 §405 (6) (c) and (e) of the Maine Revised Statutes to go into executive session to discuss with our attorney the status of the lease of the Katahdin Lake Wilderness Camps, the condition of those camps, and the future of those camps and the lease. Commissioner Camuso seconded the motion, and the motion passed 3-0.**

**Authority, staff, and counsel emerged from the Executive Session having discussed the deliberations mentioned in the motion to go into the executive session and did not speak about anything else, and no votes were taken.**

**Adjourn: Commissioner Camuso motioned to adjourn at 12:35 p.m. seconded by AG Frey. Motion carried 3-0.**

Respectfully submitted,

Georgia Manzo  
Office Specialist