



**Baxter State Park Authority Meeting Minutes**  
**Burton Cross Building, Augusta, Maine**  
**10 am, Friday, March 8, 2024**

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 Generals:** Lauren Parker, Carey Gustanski

**BSP Staff:** Director Kevin Adam, Natural Resources Director Nava Tabak, Director of Administrative Services Lori Morrison, Office Specialist Georgia Manzo

**BSP Advisory:** Chair Carl Carlson, Charlie Jacobi, Ed Pontbriand, Bob Baribeau, Rick Bray, Brant Miller

**BSP Investment Committee:** Jim Bennett

**BNY Mellon:** BSP Investment Portfolio Manager Michael Daley

**Friends of Baxter State Park:** Executive Director Aaron Megquier, President Josie Quintrell

**Baxter Park Wilderness Trust:** John Loyd

**Other Guests:** Anne Huntington

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

**Consideration of the January 12, 2024, BSPA meeting minutes: AG Frey moved to approve the minutes as amended, and Commissioner Camuso seconded the motion. No discussion. Motion carried, 3-0.**

**BSP Advisory Committee Update:** Chair Carl Carlson reported on the four active subcommittees. The Daicey Pond Project site work has begun, and this subcommittee is available for further assistance. The Commercial Use (CU) Subcommittee, whose role is to review the current CU policy and permit process and work with staff to provide recommendations before the policy is brought to the Authority for review, has been meeting and formalizing their reviews and suggestions. The Katahdin Lake Wilderness Camps Subcommittee is awaiting further direction. The Statement of Purpose subcommittee is working on the language for an update of this guiding document for the Advisory Committee.

The Authority was invited to an Advisory Meeting in Room 500 following this meeting.

**Investment Committee Update:** Michael Daley reported that on February 29 the Investment Committee met to review the portfolio and talk about asset allocations, the markets, and the economy, and specifically about committing funds to a new private equity fund now available and for which subscription documents will be sent to Lauren Parker for review. The committee continues to be very comfortable with how the portfolio is positioned given the current environment. The S&P is already up 8% this year (driven by strong growth), and the expectation that the Fed is going to pivot

and start cutting rates this year, and the general excitement around Artificial Intelligence are together driving a lot of the market activity. The Baxter total portfolio value is approximately \$115M.

Jim Bennett, Investment Committee Member and Chief Investment Officer at MainePERS provided information regarding private investments, particularly Private Equity (PE). Highlights included:

- Public investments are investments in stocks (equity) and bonds (debt) typically traded on public exchanges, are liquid, and can be exchanged at a low cost. Passive options exist, and fees are low compared to private markets.
- In contrast, Private Markets (equities, investments, real estate, debt) are accessed by becoming a Limited Partner (LP) in these private partnerships - the LP's role is to supply capital. The partnership is managed by a General Partner (GP) and the GP is responsible for the investment decisions. These investments are illiquid - it is possible but not easy to get out of the LP position. There is no passive option, fees are higher and almost always include performance-based fees.

Jim provided a hypothetical example of a PE fund (See Private Market Investments March 8, 2024 slide deck).

- GP announces they are raising Buyout Fund IV (IV representing three prior funds raised).
  - Will follow the strategy of prior funds
    - Acquire US companies in the industrial/manufacturing sectors
  - Develop growth plan - grow via acquisitions, implement operational improvements
  - Prior funds produced net returns averaging 20%
- GP is trying to raise \$2B (looking for commitments)
- The standard life of the plan - typically 10 years with (2) 1-year extensions at GP option
  - 5-year investment period, 5-year harvest period (develop and then exit by selling businesses)
- GP Management fee - 2%, Profit Sharing - 20% (amount GP gets)
- GP Commitment (their own \$) - 4% (\$80m)
- Return Target - 20% net
- Following extensive due diligence, the investor commits \$10m to the fund and begins paying an annual management fee of \$200k as of fund close.
  - Usually a “J-curve” of negative returns in the early years (paying expenses, etc) then ideally will reach the 20% net
- GP begins sourcing/acquiring/managing investments
- Capital is “called” from investors as investments are made
- Capital is returned to investors as investments are sold

Why might institutions invest in PE?

- The spectrum of investments is broad, riskier, and will generate/deliver higher expected returns than other safer assets
  - not appropriate for the entire portfolio
- Provides the ability to participate in economic growth - equity is ownership of companies

- Can help with passing through inflation - customers value product or service - mark-ups
- The illiquidity premium factor (with PE we relinquish control, but we won't do that unless we believe we can earn at least what we earn in public markets)
- Exposure to factors not in the public markets (jumps in the market driven by AI for example), non-cyclical, slower steadier
- Manager skills are paramount and add additional return
- PE seeks to establish relationships across markets, find board members, develop customers, find and integrate new acquisitions, professionalize operations, etc.
- On the PE side, management disbursement is very wide. It is important to have a team that knows the landscape and has long relationships with the managers to obtain access. We will meet with managers years before they raise a fund to get to know them and for them to get to know us. There is extensive due diligence, reference checks, and legal work before a commitment is made.
- Since 2020, private equity investments at Baxter Park and MainePERS have outperformed public equity

Globally In USD trillions -

Public Equities - \$108.6, Private Equities - \$7.6. Within PE - Buyouts \$3.3 or 43% (mature companies, usually involving a change in control), Venture Capital \$2.6 or 34% (newer or young companies), Growth \$1.2 or 16% (fast-growing companies), and Other \$0.5 or 7% (converting debt to equity, investments with significant exposure to energy-related commodities, and junior credit strategy with warrants).

Bob Baribeau asked about the negative press around private equity funds (e.g., investments in nursing homes by companies with investors in private equity/real estate.) Jim replied that character quality is important, and vetting is extensive, as is communication with major stakeholders. Nava Tabak asked if when we invest in a fund of funds (FOF), do we still have the same level of access? Jim replied that BNY Mellon is the fund manager and will have all the same access and due diligence. Assistant AG Lauren Parker asked if the due diligence (general partners, management policies, and other aspects vetted) appears in the subscription document. Michael Daley replied that the subscription documents have a lot of detail and, in advance of a new FOF, there will also be an extensive marketing deck that will include the fund information, a list of managers, and historical performance of previous FOFs. Assistant AG Parker asked for that information to be provided in this new subscription as part of our ongoing education around private equity investments.

Michael Daley provided the asset allocation in the Baxter consolidated portfolio - approximately 63% is in public equity (primarily index funds - with broad market exposure at a low cost). Fixed income (bonds) is approximately 25% and private funds allocation is 12% (11% in private equity and 1% in private credit). The Investment Policy Statement was recently updated to allow a fairly broad range of private investments with a maximum allocation of 25%. The long-term policy is ~15% of the portfolio. BNY Mellon has a dedicated team whose sole responsibility is private investments and they put together portfolios based on their decision-making around the different managers.

Fugio Funds are BNY Mellon branded private equity FOF that builds the product that invests in the underlying third-party managers. These funds are historically strong and long-standing (with the long-term goal of earning a full three percentage points return above public markets). A key differentiator is access to managers forming long-term relationships with very strong managers, and diversifying across managers. Top-tier managers continue to outperform over time, that's why investors want to be a part of their funds, and if access to those managers isn't available, it may not make sense to invest in private markets as the range of potential outcomes is wide.

Fugio is structured two-sleeved (Baxter Park portfolio - 25% - Venture, 75% Private Equity):

- Venture - focusing on early-stage investing - growth-oriented, more risk
- Private Equity - focusing on controlled changes or buyouts

Historically, Fugio Funds perform very well compared to peer private equity funds and public equity funds. BNY Mellon was investing in private equity in the endowment account and not in the Baxter Trust account as BNY Mellon is a Trustee (a fiduciary). Because the Fugio Funds earn a performance fee if we outperform a certain benchmark, there's a perceived conflict of interest. In recent years, BNY Mellon's legal department has been more comfortable investing in funds for which we are fiduciaries because there have been a number of state law precedents (uniform trust acts) allowing fiduciaries to invest in Trust funds as long as they are meeting prudent investor standards. When we had this discussion in 2020-21, the state of Maine would not allow us to invest in Fugio FOF. Within the Baxter Trust, BNY Mellon has invested in the Commonfund PE - a private equity fund - solid, with top-tier underlying managers, broadly diversified, but from a performance standpoint, not as good as Fugio over time.

Capital commitment levels in the Fugio PE funds in the Endowment were highlighted (2006-2022) with a drop in 2020 when capital commitments were made to the Baxter Trust. As the portfolio grows, commitments to each subsequent fund must be built up to maintain an appropriate level of exposure in private equity.

Private Credit is a slice of the Private Investments group that has grown over time. The primary justification in the investment rationale in private credit is debt maturity, where refinancing is necessary but in a higher-rate environment. Where traditional lenders' standards are getting tougher and creating a gap in financing, non-traditional lenders can step in.

A discussion turned to ESG investing and the changing environment/perceptions around it.

**SFMA Management Plans Update:** The Ten-Year Management Plan is moving more quickly than the SFMA Master Plan and should be ready for review by the full SFMA Advisory and the Authority soon. The table of contents for the 10-year plan was provided to the Authority for this meeting (though not fully updated to reflect how it will overlap with the Master Plan). BSP Lands Manager Shane Miller leads the effort on the 10-year plan with a more standardized format than past SFMA management plans.

Nava is taking the lead on the SFMA Master Plan, a reference document providing guiding principles, policies, and history, among other information, and which will be updated yearly through appendices. It will evolve but the bones of it will not need to be rewritten. An outline of that plan was provided. Two introductory over-arching lists are being developed - 'SFMA Principles and Guidelines' (Overarching, Ecological, Silvicultural/Operational) and 'Long-term Management Goals to meet Baxter's Vision' (there is some overlap - some of which have not yet been incorporated into the Master Plan outline). The SFMA subcommittee for this project has reviewed the 10-year plan and has provided feedback and those recommendations are being incorporated before it is brought to the full committee. We are waiting for the analysis of our continuous forest inventory plots which are done on a 10-year cycle. This analysis is being done by Bob Seymour, a longtime SFMA Advisor, working closely with Shane. The SFMA Advisory subcommittee has received these documents and we are awaiting their feedback and hope to bring it back to the full committee at the April meeting. The Authority is welcomed to review the outlines as presented.

**Overview of Park Operations:** Nava Tabak provided highlights of the **annual meeting of the Research Committee** held in Augusta on Friday, March 1. Three proposals were reviewed - two were ongoing multi-year projects that the committee approved to extend and the third proposal was declined. Updates from recently completed projects were reviewed. Ongoing monitoring by state agencies or long-term projects that may not have been introduced through the Research Committee and are beneficial to the Park were reviewed. There was also a group debrief on a proposal for a project that took place in 2022 that didn't go as well as planned, which is a rare event within the realm of Park researchers. Four new potential committee members whose backgrounds and areas of expertise will help to grow and diversify the Research Committee attended this meeting and will be introduced to the Authority for appointment as members at the May 31 meeting along with one additional prospective member who was not present.

**Human Resources:** Lori Morrison explained that presently BSP has nine positions to fill. With internal transfers possible, that may change quickly. There were sixteen resignations (nine were seasonal employees who did not return to the area as is common with summer employment, six were internal transfers or promotions, and one left the Park but continued with the state of Maine in a different role). The current Reservations staff of two are busy processing requests for June and early July. Winter camping will end on March 31.

**Information and Education:** I&E staff continue to update the public and staff regarding the progress of the **Daicey Pond Project** and have created a webpage with FAQs, a history of Daicey Pond, and project updates which will be added regularly.

I&E is providing the public with information about Park access during the **solar eclipse**. There will be an Op-Ed by Kevin Adam (developed by Friends of Baxter, DAFC, and BSP staff) in this weekend's Portland Press Herald, welcoming people to the region and providing typical Park conditions and limited access in April, and how to find alternatives for eclipse viewing in the area. Communication with regional partners is ongoing and includes Katahdin Region EMS, Fire, Police, and local landowners.

Cassandra Knudsen and Nava Tabak participated in **Vacation Camp** - a week-long program for local students organized by Friends of Katahdin Woods & Waters National Monument and held at the Millinocket Library. Unique features of BSP as protected land and how to recognize animal tracks were taught. We are pleased to begin engaging with the community again following a few years of staffing gaps that prevented us from participating in these important programs. Cassandra is also working with Friends on the 2025 Calendar and we've started a process for updating the public maps available on our website and the Avenza Maps app. Two I&E Interns have been hired.

**SFMA Update:** Roads have thawed, and as they firm up, remaining wood will be trucked to the mills. This may mean night hauling and capturing pockets of opportunity. Road tolls have increased. Shane Miller has been developing relationships with new mills and has found new markets for tonewood and clapboard (specialty, higher-end markets). Shane and Dee George (Forester) are refining a new sampling methodology for forest inventory that will provide valuable planning information.

Nava has joined the Executive Committee of the **Cooperative Forest Research Unit (CFRU)**, a partnership of government, non-profit, and industrial forest entities that pay for research that directly helps the management of forested lands including the SFMA. The Committee is in the process of reviewing new research proposals.

Access to part of the **Austin Cary Forest** in Harpswell crosses a tidal waterway and the road was hit hard during the two January storms. The Long Reach Road Association members are concerned and are interested in raising the road two feet.

**Trails:** Logs and bog bridging materials and other materials and supplies have been staged at various locations in the Park for summer trail work and campground projects - though winter hauling has not been as productive as usual due to warm, wet conditions. Supervisor Brennan Turner and Trail Specialist Kris English assisted with reopening a winter hauling route into Center Pond. Among other projects this past winter, they assisted UMaine Civil Engineering students and faculty with the Nesowadnehunk stream bridge design (near Daicey Pond Campground), and have communicated with volunteers regarding the schedule and logistics of opening up trails in the spring and constructing string fencing on Katahdin.

**Maintenance:** Various tasks included extensive snowmobile maintenance and repairs, opening the winter trail into Russell Pond Campground, helping the Rangers haul supplies, and repairing the bridge into Russell Pond. The Park's extensive propane infrastructure has been serviced - this is challenging in winter in the Park given the backcountry conditions and nature of the work. Two outhouses have been built to replace those lost in windstorms and will be transported in the spring.

Paul Sannicandro was selected as the Maintenance Project Manager for the Daicey Pond Project. Paul was the Trails Supervisor for Baxter Park from 2000-2016 and brings leadership experience and round-log construction skills to the position.

**Search and Rescue:** On Friday, February 23, Rangers Andy Borth and Jen Sinsabaugh responded with a rescue sled to a snowmobile accident with a possible head injury. The patient was transported by ambulance to MRH.

**Park Operations:** Rangers have been busy cleaning up blowdowns after several high wind events that caused substantial damage in several areas in the Park. Winter Campground Rangers have been busy conducting winter maintenance, checking on hikers, and monitoring conditions. They transported firewood to Chimney Pond (this can only be accomplished in wintertime and had to be done before deteriorating snow conditions made it impossible). See the full list of Staff winter projects and responsibilities in the “Park Operational Updates for 3-08-2024”.

**Solar Eclipse** - The Park will be open to foot traffic from 8 am to 6 pm for this event. This allows day hiking, and fishing while deterring illegal camping and climbing of Katahdin. Most full-time staff will be working Saturday, Sunday, and/or Monday including the Reservations staff. Park Staff has been in contact with the Millinocket EMS, Fire Police and other supporting agencies, as well as the Katahdin Chamber of Commerce, the Katahdin Woods and Waters National Monument, and surrounding landowners. Information about the Park hours and use has been distributed to busy rest areas, hotels, and other locations where the public would be looking for information.

**Other business:** John Loyd, Trustee for the Baxter Park Wilderness Trust, announced that the Trustees will have their annual meeting next Wednesday and will determine the quarterly distribution (which will be the same or greater than the current distribution).

**Executive Session: 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. Attorney General Frey 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: Chair Patty Cormier motioned to adjourn at 12:30 p.m. seconded by AG Frey. Motion carried 3-0.**

Respectfully submitted,

Georgia Manzo  
Office Specialist