



**BAXTER STATE PARK AUTHORITY MEETING MINUES
KIDNEY POND CAMGROUND, BAXTER STATE PARK
MAY 29, 2015
10:00 A.M. TO NOON**

ATTENDEES:

BSPA MEMBERS: Janet Mills, AG; Chandler Woodcock, Commissioner IF&W; Doug Denico, Director MFS, BSPA Chair

BSP ADVISORY MEMBERS: Rick Bray

BSP INVESTMENT COMMITTEE MEMBERS: Brian Noyes, Erin Piper, Mike Daley

BSP STAFF: Jensen Bissell, Jean Hoekwater, Eben Sypitkowski, Ben Woodard, Christine Theriault, Morgan Taylor, Connie Theriault, Diane Freelove, Dean Levasseur, Paul Sannicandro, Ada Angotti

GUESTS: Aaron Megquire, John Raymond

CALL MEETING TO ORDER

Chair Denico called the meeting to order at 10:10 a.m.

FEBRUARY 10, 2015 BSPA MEETING MINUTES

Following a welcome and introductions, Denico brought the February 10, 2015 Authority minutes forward. Motioned by Woodcock, seconded by Mills, and followed by a unanimous vote to pass the motion.

ENDOWMENT UPDATE

Brian Noyes, BSP Investment Committee Chair presented an overview of BSP endowment management activities. The Investment Committee met May 8 in Brunswick. Other asset classifications were considered. They met with private equity team at Mellon in Boston. Overall, the portfolio is performing well. Stewardship index is essentially what the portfolio is after expenditures/losses/gains/inflation and this is in a positive area. This is managed consistent with policy statement. Combine value of \$73 million dollars which is a new high water mark. The BSP admin team has been managing in a very appropriate and cautious manner. The talent of the park representatives is amazing and of high standards. BSP is very fortunate to have professionals of this caliber managing the investments. The Maine PERS board has 2 members who also serve on the investment team of BSP .

There will be a time when the news is not good. It has been 7 years of recovery. Hedging type investments have been dissolved due to costs. A correction or draw down would make BSP exposed. Anticipating bumpy roads ahead but not expecting a cash-flow problem.

Mike Daley manages the BSP endowment for BNYMellon, Mike gave an overview of the outlook and asset allocation. He touched on the key assets – slow growth economy. 2-2.5% per year growth. Last month was 0.2%. An anomaly – a one-time event due to weather, port strike in CA, and a strong dollar. The next 6 months expect economy to pick up especially in Europe. Europe is usually 3 years behind US. European banks are experiencing growth.

Currently there are low interest rates, and we expect to see them increase. The portfolio is positioned for raising rate environment.

Overall the outlook is to reduce risk and to diversify. This is a very long term portfolio in nature. There were no questions from the public. Denico states there have been corrections in the last two years. He felt the Investment Committee members were not being kind enough to themselves in their management and growth of the Park funds.

We cannot predict what will happen in the future, but will continue to work within the guidelines and with a disciplined process.

Overall policy: The Committee will stay within the allowable ranges as dictated by the restrictions in the Investment Policy and Asset Allocation.

Year end 2014 through 4/15 – just shy of \$75 million. Asset classes equities are all large US capital funds. This is being lightened up. International small cap equities (Europe) is the improvement within those economies. Anticipate long term within the portfolio.

Last page of report – summarizes overall performance. Baxter Trust and Endowment Fund are used for reporting. 3% payout for 2016. Performance over past couple of years has been very good.

Non US equities have performed better with 10% vs 2% outcome. The US is still the best place to invest for 18 months.

BNY Mellon has a team that works on asset allocations between US and nonUS growth.

Discussion at last committee meetings included: private real estate. Invest in a fund that would invest in project on a global rate – reconstruction, construction and other real estate. Buffer to volatility in the portfolio. Commercial, residential and industrial properties blend. There is risk. This is a potentially 2-3% of the portfolio.

Woodcock asked about India being considered. It is an emerging market (which is underweight). There is exposure to India within the funds BSP holds. Impact is quite modest. Emerging economy India, China, Russia, and Brazil are the top four. Russia is one of the top performing countries right now. Structural concerns with all but China countries listed.

Chair Denico asked if BSP had a 'don't buy list' regarding investments. There are no ethical screens in the policy at BSP currently. No guidance in investment policy. Denico would like to see a moral and ethical screen in the policy. There is a lot of debate going on in the country right now regarding GMO and global warming – should fossil fuels be included. SOM Retirement funds - retirement and endowment funds - are divesting from non ethical investments. Africa showed no improvement to country growth, and actually showed less growth and created more poverty when ethical investments refused to purchase their funds.

Daley will provide what the per cent of allocation is within the ethical entities. This is a very complicated issue. Prohibitive to some countries or we can look at having a preference towards countries that do positive things.

Where is the BSP money invested? This is a good starting point. Should there be a sanctioned list? There is no illegal activity when investing in sanctioned areas. Mills suggested looking at what Baxter wanted to have money invested in. Look at underlying investments. The Investment Committee needs direction regarding this topic to go along with policy.

Even with huge penalty the tobacco stocks have performed well. Mellon does not screen, but will if it is requested.

Point by Bissell the park works with 4 committees. The Investment Committee serves without term limits and have a high level of expertise. The Park's best interest has always been served and considered. Noyes has recruited the members and has done a wonderful job. The result has been a positive outcome even with loss in the last two years. When Jim Garland got involved and continuation to date the growth has been steady and positive.

BUDGET

Uneventful budgeting process this year. Revenues have remained consistent. Online reservation have increased. Major capital projects. SFMA concerns regarding revenues. Baseline expenses in retirement and health care costs. Reclassifications of positions. Solar system at TP gatehouse. Rebuilding new lodging facility at KP. Working on relocation of Abol Trail.

Therault gave an overview of budget building and being cautious and conservative so not to devastate the operational monies available. Revenue: trust (is the last number entered to keep it low), separate donations from Wilderness Fund in case that fund

cannot give a donation we are not depending on it. Personal services: 65% of money goes to paying our people. All Other and Capital are numbers that can be changed. Getting money for people who deserve it.

A calendar year would better serve BSP for fiscal use. FY is currently June 30.

Therault continued discussing training. She looks two years ahead to plan for vehicles, rent, and repairs. Workers' Compensation changes due to injuries/accidents. It was in the \$90,000 range two years ago and has since come down dramatically in cost. OIT requires more breakdown. Sta Cap is a % of services that every department in state government has to pay. SOM does BSP payroll.

Discussion of projects including Abol Trail being the largest project. Planning ahead using staff and contractors on all projects.

A motion to accept the budget as presented by Janet Mills. Seconded by Woodcock. A unanimous vote ensued.

DONATION REPORT

This is reported to the BSP Authority members twice a year. September to April donations include: smaller donations in memory of. Woodcock asked to recognize these folks. Bissell will work on that. A lot of donations go to SAR. BSP FOB give in-kind donations in the form of work crews.

COMMITTEE APPOINTMENTS

There is one appointment to the BSP Advisory Committee and that is Dave Wilson from Houlton, ME to replace Dave Buccello of Bar Harbor, ME.

A motion to appoint Dave Wilson to the BSP Advisory Committee for three, two-year terms by Mills. Seconded by Woodcock. A unanimous vote ensued.

TRAIL IMPROVEMENT

The Trautmann Trail Initiative is a perpetual fund providing . It is currently being used to relocate and redesign Abol Trail. BSP is looking at 10-20 year planning period for upgrades and improvements to fall-line and other hard to maintain trail sections in the Park. Efforts will continue to build a list or prioritized projects. Will need to be extremely flexible due to erosion, logistics of trail building, time, and physical effort necessary to complete the work.

ADMINISTRATIVE/OPERATIONAL UPDATES

Woodard stated nine out of 10 campgrounds are currently open. The National Guard will be flying back country materials over the upcoming year. The road is not completely open at this point in time. It is closed from Kidney Pond to South Branch Pond. Storms filled in Chimney Pond area with snow the past few days.

MCC has four crews in the Park with two crews working on the Abol Trail and two crews doing general maintenance in the Park including cutting blowdowns.

Headquarters is currently receiving the second year of planned siding and roofing to complete that project. The storehouse is receiving an expansion and the construction of the foundation is in progress with the building construction to follow.

Ranger housing at Kidney Pond is being moved. Training has started. MFS will be having helicopter training at BSP soon. Chain saw training is in progress. Safety Day with MEMIC is next week. Monthly Safety Day will continue this summer season. Annual medical wilderness training will take place in June.

Jean Hoekwater gave an overview of the I&E programs at schools and universities. The 2015 Newspaper is completed. I&E has three interns this season. They will be trained in above treeline trails and programs.

Eben Sypitkowski in the SFMA is working on harvest layouts, annual inventory plots, and setting up CRFU demo projects. Harvests in the SFMA this season are planned to include both hand crews and a cut to length processor.

Bissell noted BSP is short a year-round ranger. The new position will be a ranger to write summons regarding BSP Rules only. Working to have the hiring of this position completed in July. This position was posted on FaceBook and it received 10,000 hits in 12 hours.

Aaron Megquire noted the Plants of BSP is going to results in a field guide and database that will be helpful to many. It will be published by the University of Maine.

Rick Bray stated there is a website that will figure out what volunteer hours are worth. In general it is \$17.00 per hour. This is a financial boost to Baxter State Park.

Dean Levasseur noted the Park carpenter is hard to get to come and do projects in the campgrounds during the summer. He noted he does most of the maintenance at Kidney Pond and he could not do it without the help of volunteers. He tries to get work done prior to the season opening. He needs volunteers to change out sill logs which is a heavy big project. Maintenance needs to be done now and not later.

John Raymond asked what the plan is to handle the over abundance of people expected when the National Park is in place. Mills stated there is no inclination to open up to influx. BSP can only handle what we have. Woodcock noted what is going to happen has not happened. We will be able to handle whatever happens. Denico noted BSP is Resources' protection first and recreation second. Capacity will remain and there will be more unhappy people turned away. A national park created outside of BSP is not a BSP concern. Mills stated the BSP Authority has taken no position on this issue.

Dean Levasseur stated a national park will never take over BSP due to P.P. Baxter's setup of the Park and that the Park belongs to the State of Maine and not the federal government.

Denico noted it will be hellish good theatre to observe. He also requested a day in the park to see the projects completed in the fall. Bissell will make this happen.

The meeting adjourned at 12:00 noon.

Doug Denico, Chair BSPA
Director, MFS

Chandler Woodcock
Commissioner IF&W

Janet T. Mills
Attorney General